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Commentary Examines 'Difficulties' in Mercosur's Prospects

PY0611003293 Buenos Aires LA NACION in Spanish 24 Oct 93 Economy Section p 1

[Commentary by Facundo Landivar]

[Text] Argentina, Brazil, Paraguay, and Uruguay are barely 14 months from becoming a single commercial bloc. This will happen on 1 January 1995, when Mercosur [Common Market of the South] will be officially born.

Yet despite the short time left there are many essential topics awaiting resolution.

This is the reason why—despite the accelerated growth of commerce inside the bloc, and despite the growing number of businesses aiming at Mercosur—many people have pointed out unclarified topics that must be resolved before Mercosur comes into being.

Such warnings are being heard from both private and official sources.

Every one of them believes that the main problem will be the situation that will prevail after 1 January 1995, especially now that the available information leads one to the conclusion that there will not be a close coordination of macroeconomic policies and that, as an immediate consequence, the current big differences between Argentina and Brazil—which make up the real Mercosur—will not be resolved.

According to Guillermo Hunt, head of the Pyme [Small and Medium- Sized Enterprises] Undersecretariat of the Economy Ministry, and also an undeniable advocate of the agreement (at the Foreign Ministry he was responsible for negotiations over the past few years)—the most outstanding difficulties are the Brazilian economic situation and the differences in size of the main partners.

The following question was posed to him: Under such circumstances can a commercial agreement be successful? He replied: "I frankly believe that free commerce in the bloc will succeed if we design specific instruments to resolve this lack of coordination." He added: "Without the instruments that can neutralize the imbalances, Argentine industrialists could be exposed to unfair competition."

From another viewpoint, economist Miguel Angel Broda described a similar picture. "In some sectors there will be catastrophic consequences resulting from a zero tariff level with Brazil," he said. "Brazilian steel plant production capacity, for example, is at least eight times as high as that of Argentine plants," Broda said, endorsing the words of an official who declined to give his opinion on a zero tariff level.

For textile industrialist Eduardo Faena, the secretary of UIA [Argentine Industrial Union], the situation is discouraging. "I don't see any possibilities for Mercosur with such imbalances; we cannot unify two markets that are so different. I agree with the philosophy of the agreement, but we have to make a substantial reformulation," he said.

The Big Bet

Jorge Herrera Vega, Under Secretary of Economic Integration at the Foreign Ministry, says that the situation is quite different: "Mercosur is Argentina's largest commercial and industrial gamble. There are things to be resolved, but during the year that still lies ahead of us we can perfectly well do it."

For Alejandro Mayoral, Secretary of Economic Information at the Economy Ministry, there is one thing that in spite of criticism cannot be disregarded: "The deadlines are not changeable because the Treaty has been made a law by Congress. And even if Congress modifies it, its dynamics cannot stop."

In any case, and despite their disagreements, everybody agrees on two basic topics:

—Mercosur will begin—no matter what—on 1 January 1995. Regardless of any pressure.

—On that day, however, the region will still be quite far from having a fully operational common market. There will be a unified commercial bloc, but until the beginning of the next century Mercosur will be just starting.

Beyond such points of coincidence, the truth is that Mercosur, a gigantic market with hundreds of millions of potential consumers, has in practice already started.

What is Operating

Official spokesmen have explained this with data in their hands. Among such data is the fact that Argentine-Brazilian commerce grew significantly over the past three years; that the private sector is already promoting economic supplementation; that beyond the lack of macro policies, a lot of agreements have been reached with our future partners; and that the zero tariff level for Mercosur countries is almost a fact.

Herrera Vegas added that "Mercosur is three things at the same time: a free-trade zone, which is already at work; a customs union, which will begin on 1 January 1955 with a common tariff for everyone; and a common market in which productive factors, like capital and manpower, will have free mobility. This last topic will undoubtedly require longer time, as occurred in Europe."

According to impartial data commerce has grown, and entrepreneurial partnerships have also grown, but from a macroeconomic viewpoint Argentina and Brazil are like water and oil.

This is shown by two facts: In Argentina, the inflation rate stood at 0.8 percent in September, while it stood at

almost 35 percent in Brazil. While the accumulated inflation rate over the past 12 months reached 9 percent in our country, in Brazil it reached 1,810 percent. In both cases the figures are proportionate.

Exchange rate differences, industrial structures with clear Brazilian advantages, and lower salaries in Brazil are just some of the macroeconomic topics that cast doubts over the future.

Will they be resolved in one year? Mercosur has started. It still remains to be seen whether it will be able to move forward.

New OLADE Secretary General Outlines Policies

PA0711031393 Mexico City NOTIMEX in Spanish 2312 GMT 2 Nov 93

[Text] San Jose, 2 Nov (NOTIMEX)—Venezuelan Javier Gutierrez was elected new secretary general of the Latin American Energy Organization (OLADE) today during the 24th Meeting of Energy Ministers of the region held in this capital.

Gutierrez will replace Costa Rican Gabriel Sanchez after defeating Costa Rica's Jorge Blanco, the other candidate for the post, in a 15-7 vote.

Upon learning the results, Gutierrez declared that he "will promote greater participation of regional organizations in the field of energy and multilateral cooperation policies to resolve common problems."

He expressed concern over the inefficient use of energy and said he will propose education and research programs to combat the problem, as well as greater exchange of technological information.

He said that "OLADE's weakness is its financial situation," so he will propose a specific working plan to member countries.

Gutierrez commented that for Venezuela his designation is important because it is an energy-producing country that "may share its experience" and receive experience from other countries with advanced technology in electricity.

"Venezuela has a commitment to Latin American integration. We are working intensely to carry out electricity interconnection. Studies are being done on the possibilities of obtaining gas from other countries and saving hydrocarbon byproducts," he stated.

Gutierrez indicated that he hopes that in the next few years OLADE will plays a more decisive role in the region's decisions on energy.

The area's energy ministers also approved the transfer of OLADE headquarters to Costa Rica after three years of operating in Quito, Ecuador, in keeping with the rotation established by the organization's regulations.

Cuba

Castro Closes Havana Assessment Meeting

FL0811160293 Havana Radio Reloj Network in Spanish 0200 GMT 8 Nov 93

[Text] Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba [PCC], closed the assessment meeting of the PCC in Havana Province, which he said reached a high level of quality in debating the essence of the problems. The highest leader of the Revolution underscored the important tasks developed by the PCC in the capital. He pointed out the achieved infant mortality rate of 8.9 for every 1000 live births, which is three times lower than that of Washington in the United States.

Fidel went on to say that for many years no attention was given to developing the international tourism program because efforts were focused mainly on benefiting the people when beaches and clubs were opened to the population. He added that the prejudice against tourism, which has great potential for economic growth, came from the purity and goals of the Revolution.

Commander in Chief Fidel Castro added that tourism is not the only plan for overcoming the special period, but it is the one with the greatest potential, which is the reason it was amply discussed during the debates of the PCC assembly. He also spoke of our inexperience in that matter, saying that it was logical because we were isolated in that area for many years. Fidel added: That is why we had to allow foreign cooperation.

Fidel stated that in other areas, such as health care, we have not needed foreign help in achieving success, but that it was good to use the experience of others and incorporate it in meeting our needs. Fidel underscored that we need to assimilate all types of experience in tourism so that in the next few years we can receive 10 million tourists, who will bring in between $10 billion and $15 billion.

Fidel went on to say: Principles, ideas, and honor will be multiplied when we are capable of winning the colossal battle we are waging. He added that if the fatherland, the Revolution, and the conquests of socialism survive, our influence in the world will be great; millions of people, who to this day do not understand how we have been able to resist, will be awed.

The commander in chief commented that the disappearance of the USSR was a [word indistinct] blow for Cuba and asked if any other country would have been able to resist such a blow. Fidel said: With tourism, and working as we should, we will be able to reconstruct our country and have even more than we had before the disappearance of the USSR. He added that the development of tourism will not corrupt us because we will not lose our identity and culture.

During his speech, Commander in Chief Fidel Castro pointed out the importance of the education and ideology of the great majority of our scientists and athletes who do not defect and who cannot be corrupted. In that respect, Fidel said that despite the country's difficult conditions, blockaded and facing great propaganda and [word indistinct], the Revolution has not been destroyed because of the strength of its people and their ideas. Fidel went on to say: That is the reason we can fearlessly accept the challenge of 10 million tourists because that sphere is strategic for our development, for our overcoming the special period, surviving, and growing stronger.

He pointed out that today's world leans towards greater communication among all countries. He went on to say that this tendency will increase and we will have to learn to live in this [word indistinct] world.

In his speech, the head of the Revolution recounted this year's terrible climatic conditions and their effect on our economy. He added that he brought this up to create a clearer understanding of the need for working more energetically and intelligently in the new perspectives and in multiplying the resources we have today.

Fidel also referred to the way we have been able to create a great capacity by establishing phenomenal research centers with excellent scientists who are relatively young and who generate considerable income. Furthermore, he underscored: For the development of science, the pharmaceuticals industry, and biotechnology, all we need is talent; and we have it. Fidel went on to say: We can turn this activity into a vital branch of our economy.

Cuban President Fidel Castro assured that victory lies within the Cuban people and should lie only among the Cuban people. Fidel stated: We should be willing to die for the fatherland, the Revolution, and the achievements brought about by socialism; but beyond this, we must be willing to overcome these difficulties. He went on to explain that we cannot waste time and must work with interest, desire, consistency, and intelligence.

Fidel mentioned that more than 1 million residents of Havana City have participated in agricultural tasks in these two-and-a-half years. He highlighted the tremendous work done in neighboring Havana Province by contingents and workers mobilized for 15-day periods. Fidel also pointed out the advantages of the great state agricultural enterprise, recalling how it was there that many vices such as negligence, carelessness, and [words indistinct] were confronted.

Speaking of the Basic Cooperative Production Units [UBPC], Commander in Chief Fidel Castro pointed out that this form of production is definitive because it is based on the idea of doing more with fewer resources. Fidel spoke about the productive results of the Agricultural-Livestock Cooperatives, whose members work to obtain greater earnings, even though, he added, the educational policy of the Revolution took the children of peasants away from the fields. In that respect, he pointed

out that only productivity and hard work allow a greater level of intellectual and manual labor. He added that the more developed countries have insoluble problems such as unemployment, a true scourge of those societies. Fidel reiterated that only a good socialism based on hard work can solve the problems and that, in our country, we will not give up socialist principles.

Fidel went on to say: We must preserve the values and ideas even though we must rectify, [words indistinct], use new means, and produce the changes and reforms that our experience demands. He underscored that we must perfect ourselves in the way we do things and that that process cannot be spontaneous; it must be directed by the party.

Commander in Chief Fidel Castro stated that it is encouraging to see all the possibilities we have to triumph; but he stressed that, in order to do so, we will need the Revolution and socialism more than ever. He emphasized: Let no one in the world be confused, because everything we do is for socialism.

The head of the Revolution went on to say: We have had the courage to confront imperialism when it toughened its blockade against us and that is why we want to feel proud of our courage, firmness, and solidity.

In his closing speech, Fidel highlighted the fact that the political task of Communists in the capital is more complex because of the difficult conditions in that territory. He underscored that, during the debates, they analyzed the strategic foundation of the economy and not its everyday problems, because these will be solved when we have obtained the desired results in such priority programs as science and tourism.

With regard to this, Fidel referred to some of the agreements for investment of foreign venture capital in oil exploration, drilling, and exploitation, of which he said: It is not about giving the country away to anyone, because our nation cannot be bought, nor governed, by this capital. He stressed that our foreign partners admire the honesty of our politicians and leaders at the decision-making level of our country's development strategy.

In his final remarks, Commander in Chief Fidel Castro remembered those who, throughout the years since 1868, gave everything they had. Fidel said: We should not only look at the defects of men; we should also look at their virtues. Fidel stressed that we should not forget the virtues of these people, who in the past sent hundreds of thousands of soldiers and teachers to other lands. Fidel pointed out: If an Olympic medal is ever given for internationalism, it will be given to Cuba. He added that we struggle because we know that today there is no alternative to victory.

Fidel stated: We defend the Revolution, the fatherland, with all the energy that we are capable of, with all the courage and spirit we are capable of; we struggle without losing heart or declaring a truce. Fidel concluded by saying that the more difficult the circumstances, the higher our morale will be.

Text of Castro Speech

PA0911030793 Havana Cubavision Television in Spanish 2347 GMT 8 Nov 93

[Speech by President Fidel Castro during the 11th International Havana Fair at the Convention Center in Havana on 5 November—recorded]

[Text] Well, my dear friends, this was not on the program, and besides, we have been here for one and one-half hours presenting and receiving awards. As you may well know, my job is to talk. But if my voice were to fail me, as it has today and during the last few days, it would be like you entrepreneurs, businessmen, and merchants being without credit, money, markets, and merchandise. That is how I am now. [laughter] They are making me speak anyway. It is not that I am not willing, of course. But there is also an advantage to this, especially for you: I am forced to be very brief.

According to what everyone says, the fair has gone well so far. I have heard praise and more praise. Someone will surely criticize it. Should it be me? No, it will not be me. In any case, we would be criticizing ourselves and not others. It is said that this has been the best fair of all with the greatest number of countries participating. (Masique) [not further identified] mentioned 45 countries. There are 902 foreign companies participating, and more that 1,000 overall, if we include the Cuban firms. We have covered the largest number of square meters at the fair grounds. All of this pleases us for many reasons—one being that the fair took place at Expocuba, which was built for this purpose. I remember that, as usual, there were those who criticized us for spending money on it. Now we are all glad to have the exhibition center. It is a permanent exhibition center for Cuba so people can see Cuba's things. Part of the year we use it for exhibitions. The buildings are very big. Not counting the land, all of this seems very expensive, but the construction was not very expensive. Perhaps I should not be telling you that, because when they charge you for your spaces, they are probably going to tell you how very expensive it all was. [laughter]

Because we must defend ourselves from criticism, we have to say the opposite: that it was very expensive. Now, if you keep the inflation rate in mind, the rising price of land, maintenance, and repairs, you will better understand why (Masique) charges you a little more for each square meter.

He will also say that the fair's prestige is something that needs consideration. I hear that not too many fairs leave high profits. I have been told that the Seville Fair—which I had the privilege of seeing because I happened to be there—did not leave much profit to very many. At least we did not make much of a profit. They told us that what was spent there was an investment that we could

later sell. We spent the money and made the investment, but I do not know if anything has been sold yet. I think we are going to have to sell much cheaper. I hope the Spanish ambassador will not get angry; it is not really his fault. [laughter]

The international crisis, the recession, and all of that [words indistinct]. I must admit, however, that this building of ours—which was very costly for us—is slowly recovering what was invested. Everything we invested was done in convertible currency; actually, construction was done with volunteers. We had no salary expenses. Part of the money was for amortization, another for maintenance. If the fair continues to grow—and we will have even more space there—then some day we might use all of the buildings.

I must admit that we are very pleased that the fair has progressed. It encourages us very much. As I have said on other occasions, (?fairs) have taught us very much, to the point that you see how there are more Cuban firms all the time. Cuban firms are learning the secret of fairs, the secret of exhibits. I noticed that Cuban firms won a few gold medals. I do not know if this is on merit or if they have received some privileges from the members of the jury. Now I know some of the equipment, and I know they are truly good. Some of them are innovative, and they have lent and continue to lend the country many services, particularly in the health field.

We are pleased to know that we are learning to participate in these exhibits, and we are happy to know that we are learning to deal with businessmen. We are also happy to know that we are learning very much from the businessmen. You might say, what is he saying from that podium, after all that has been said about the bourgeoisie and things like that? Yes, it is true that we have talked about that and we will continue to talk about that. We have to continue speaking about that. Each one talks about his way of thinking, but when I think about you and I get to know you, I have no other choice but to rectify and say, there are two types of bourgeois. There are those we have mentioned in our trench speeches, some of which might be more or less as we say they are; then there are the others we see here, in the fairs.

Well, we are also becoming bourgeois, not because we are becoming rich people, but because we are learning to trade and to negotiate. Besides, we are also doing many new things and we have learned to use your experience. In addition, we have learned to develop cooperation with you.

Have we learned a great deal? No, we have not. We still have much to learn. Some say that Cubans are intelligent. We are happy if that is true. I hope that it is. Cubans are unquestionably smart. We are discovering many great things. We are discovering that they are even good workers. That is not our opinion. That is the opinion of the businessmen who have gone into joint ventures with us and are delighted by the way Cubans work. They are also happy about our workers' cultural and education levels. We have often heard that praise, but if we have virtues, we also have our faults. Not being as disciplined as we should be in the work force is one of our faults. But we bear a share of the blame, a large share of the blame, because we have been excessively paternalistic, excessively tolerant, and not very demanding. We have gotten people used to being undisciplined. Our labor legislation was not sufficiently realistic and we have had to make some changes, but of course we discussed it with the workers. We are not imposing anything on the workers. We have explained to them that we need to be more disciplined; we need to be more demanding if we want to have productivity and if we want to have efficiency (?in production). Fortunately, due to the great understanding between the government and the people, we succeeded in getting a great deal of understanding on the part of our workers. I have often visited other countries. We recently visited Bolivia and were lodged in a five-star hotel. I will not name it and it is not because I do not want to advertise it but because I recall that they gave us the so-called presidential suite, which was below the top floor. I felt very strong banging at 0100 or 0200, tremendous banging. I said, what is going on up there? The next day I learned that one of the hotel's restaurants is on the top floor. The kitchen, the area where all of the kitchen pans are washed, was above the presidential suite. [audience laughs] That is why [chuckles] I took away the five-star category from it, although its personnel are splendid and everything is good. The restaurants are very good. Some of our comrades talked with the employees, some of the employees. The discipline in the hotel was extraordinary.

There were 36 tables and four waiters in one of the restaurants. The four waiters served the 36 tables. When the tables were all occupied the waiters looked for help in another area, and assistance was sent. We instead may have had restaurants with four tables and 36 waiters. [laughter, applause]

As you can see, we are capable of criticizing ourselves even though we may have to exaggerate a little so that things can be better understood. When will we have 36 tables? But look, I do not believe we are too far off. The time is not too far off for some news, for certain things in which we are making progress in different areas, especially in the area of tourism in which service is so important. [sentence as heard]

Did I tell you of the anecdote at the five-star hotel? A comrade of ours asked a girl, how many days are you allowed to be absent here with or without justification? The girl replied, what are you talking about? The comrade repeated, how many days are you allowed to be absent with or without justification? The girl replied, I do not understand; we are not given any days off. The comrade asked, what if someone in your family is ill? The girl answered, no, no I have never heard of that. She had never heard of being absent with or without justification. Things can be very hard. There may be a mother who may have a sick child one day. That reminds me of a little book I had when I was a student, which was not a

very long time ago. It taught a lesson about devotion and duty. It was about a woman who had to take care of a train or switch the train signal, but she had a sick child. The woman left her son home, however, and went to switch the train signal. Apparently, this is the way things are done in Bolivia [words indistinct].

I understand that the sense of duty is very important, but justified or unjustified absence is our invention. It was an invention of the revolution. We have graduated so many doctors in this country. We are the country with the most doctors per capita in the world. It is true that our health has improved greatly. We are proud of our health conditions, but if a doctor hands out a health certificate to a patient, that means he has a justified absence at his workplace. Our doctors are very good. They are very paternalistic, very generous. If someone's corn hurts he immediately gets a health certificate. None of this contributes to being punctual. Because we are friends, I can tell you very frankly about a discovery. If the boss is Cuban, I will not obey him, no, but if the boss is Spanish, they immediately obey him. Can you imagine? It is the revolution that has created that as well.

A few days ago a comrade gave a lift—what we call a bottle or something, it has a name—and began talking to a woman who works in a store at Havana Libre and was out on the street. She has her university profession. Another thing the revolution has done is that it has practically graduated everyone as a university professional. Don't you think it was a matter of someone in the mood of graduating so many university professionals? The country is full of them, but that is what the organizations wanted because to inflate the personnel roster it was necessary to ask for technicians and university professionals.

I sometimes asked myself where are the agricultural workers going to come from in this country? One day I was at a funeral and I was watching some men who were making the sacrifice of digging the grave and placing the coffin. You know what I was thinking at that time? Who will bury the dead in this country in the future? These are things about which we have to think—our own work, about the fruits of our excesses of kindness and our dreams, which we do not give up. We are going to continue dreaming, but we have to learn how to deal with all these things.

We have extraordinary cooperation from our fellow countrymen. You know how the story goes of the woman who was given a lift. She was a preuniversity professor in the countryside but had changed jobs. I did not really feel sad, because we have enough professors. We are also the country in the world with more professors and teachers per capita. The professors could have a few more students. There could be a bit fewer professors and teachers per capita as long as the schools the country needs function economically, when all is said and done. The woman had to be at work at 1100, and at 0900 she was asking for help in getting to work. She was very punctual and was not absent. She changed activities. It is not bad that there must be some changes in activities. Many were graduated with university degrees and very few as agricultural workers. Who is going to produce food, and who is going to do that type of work? How is society going to solve this type of problem? We have to solve [words indistinct] solving them; nevertheless, we have observed many improvements in specific fields.

There is a Spaniard in Havana Libre who has become famous. I wanted to meet the Spaniard, because in Cuba everyone obeys the Spaniard, and what did the woman say? That the Cubans are very good, very kind, very generous, very magnanimous, and if a Cuban tells them to do something, then they will not pay attention and when it is the Spaniard telling them, then they pay attention. And look how we have criticized the Spaniards in other times but not now. I am referring to the times when it is said we were at war. I mention the Spaniards. I do not know how it would be with an Englishman. I do not know if a North American would be obeyed so much. [laughter] But the Spaniards are turning out to be great cadres in the hotels.

They know what has to be done, how to organize things, what can and cannot be allowed. I will give you an interesting bit of information that a Spaniard told me yesterday in a marvelous hotel. I am saying this without any exaggeration. It is truly marvelous; it has been built on a virgin site. I think it is undoubtedly the best we have in Cuba. We built it, the architects were Cubans. It has been built with its own plaza, a very original idea. It is beautiful, the (?crystals), everything.

There is an excellent staff working there. When I asked him about absenteeism, he told me it was at (?zero). I said: What? He said (?point five). That means that out of every 100 people, only one-half of one person is absent. That is almost a record compared to countries with more discipline that us. There are many workers who must travel one and one-half hours to get home. They do not have housing for them in the area, there is no housing nearby. They travel one and one-half hours and they are never late. They are punctual. I am surprised to see the Cuban personnel working in that hotel, which is being managed by a Spanish firm. There are two Spaniards there, but not all of them [words indistinct]. However, I was surprised over the [words indistinct], and I was surprised over the work done by our fellow countrymen.

I am sure that if we had Cubans who knew more about the Spaniards and (?did the same things) as the Spaniards, they would not have the same results. It is something psychological. One knows that what is being done is the right thing. It is not a matter of being submissive or anything like that, because our fellow countrymen are very rebellious, whether they are [words indistinct]. And they know it is the right thing, that there must be discipline, that there must be quality.

Unfortunately I have not been able yet to visit the fair, even though I have presented so many awards and congratulations. I have so many other commitments.

Tomorrow, Saturday, in this very same place, there will be a tremendous assembly of the party from Havana. The meeting continues on Sunday. At what time, at what moment could I escape? Perhaps when it is all over and there is no one here, I will be able to come here and at least see the stands. It is not easy. There is a lot of disorder. [sentence as heard]

Yesterday there were some tourists at the hotel, and I had to sign a few programs. They took I do not know how many pictures. I like to hear things, observe them, converse with them, watch them calmly, talk.

I was very surprised and realized that we are learning. The Spaniards have taught us very, very much. This is where language helps, but we are really learning much about tourism. These are chains with experience, that know the market and know what to do. [sentence as heard] I hope one day we can invert this psychology. I hope one day we will have Cuban teams who know how to do the things the Spaniards do and that our countrymen's level of conscience will make it possible [repeats himself] make it possible for them to pay attention and benefit from it.

I realized we had a future in one single cay. Just that cay—called Coco Cay, which measures about 400 square km and where we built a waterfront taking all precautions to protect nature and the environment—is six times larger than a certain small Caribbean country. They welcome 2 million tourists a year in that small Caribbean country. Of course, 1 million stay at hotels and 1 million pass by on ships. They do not like these.... [pauses] vessel things.... [pauses] what are they called, (Masique)? [words indistinct] cruise ships. I was speaking with some leaders of that country once, and I asked how many dollars each cruise ship tourist left behind. They told me $20. What sense is there in welcoming 1 million people who will leave only $20 million dollars a year, and some of them do not even get off the ship to buy refreshments. Don't tell them, so as not to advertise too much. Why should we advertise if they do not pay? Now you know why [words indistinct] foreign currency. [laughter and applause]

We are learning to do business so well that I told the tourists that I would soon start charging for my autograph. I would not be committing a crime, because they lifted the restrictions on foreign exchange. What happens if they bring refreshments off the ship? These leaders told me that many times the tourists made a mess of places when a cruise ship arrived with [word indistinct] and restaurants. It is sad to think that 1 million tourists only spend $20 million.

The tourists who stay at the hotels and spend their money leave $500. That is where it is. Yesterday I could see our country's tourism perspectives very clearly: the cay, that one single cay where we arrived thanks to someone else. That cay is six times larger than that island. Some day that single cay will be capable of generating a gross revenue of $1 billion—just that one cay.

We are developing a series of tourist hubs. We still have many things to learn about faster construction. We are doing good quality construction but not quick enough. This is advancing. We have promising ideas about what to do. We are developing numerous tourist hubs. We have fabulous natural resources. We are associating with foreign capital. When we can build a hotel with our own resources we do so. Foreign pressures have led to a slower pace, but the interest, proposals, and agreements we are reaching are growing. They are growing rapidly.

In that same location—and to see what was built in that solitary location which was reached through the sea—one feels encouraged to make investments in that hotel, for example and [words indistinct]. We are developing orderly tourism, as we are doing everything in an orderly way. We are doing many new things but with order and realism, [words indistinct] the country. That is very important, decisive. [Words indistinct] a little slower. We are [words indistinct] do things with order and rationally. We are developing tourism based on the experience in the world, where extraordinary beaches were destroyed by building in the sand, up to where the waves reach. Because everything is new we have the privilege of using the architecture to inexorably protect the environment. There must not be an ambition to build many rooms; instead, we must build the rooms that are necessary and that the environment [words indistinct]. It is known that tourists do not want to live in skyscrapers. The installation about which I am speaking has a maximum of three floors, and there is more than enough room to undertake a very rational and really humanistic development of this activity.

I was saying that I was very encouraged to see the personnel. The average age of personnel at that installation is 23 years old, with an education level of at least 12 grades. It is not personnel from the capital, rather from very poor rural provinces. I found out that [words indistinct]. It is really extraordinary.

By explaining this, I am just confirming the view that we have much for which to thank you, the fair, the men who have entered into business with us and who know that this is an orderly country, who know that you are holding discussions with serious people, and above all that you are holding discussions with honest people. It will be very difficult, very difficult for you to find a minister, vice minister, or an official holding an important government post that can be bribed, bought with money. One of the characteristics of our officials is honesty. I will not say that embezzlement and crime cannot happen, but you will not find it at a management level in government.

To be perfectly honest, I must say this is unusual in today's world where we know what is happening. We feel really proud of their human and moral qualities,

although the experience of the men and women who are dealing and negotiating with you may not be vast. We are enriching our knowledge with this experience. I predict a real future for this cooperation. It will grow year after year. We are opening up to the world and engaging in commerce with everybody. The only people with whom we are not engaging in commerce are those who do not want to engage in commerce with us. That is up to them. They will come late. We are a small country, and it can be cynically argued that it does not constitute a big market because of its size. In this small country, however, we really have the potential to invest tens of billions of dollars. In tourism alone, we have estimated that $20 billion can be invested, but this is not a matter of size or volume, it is a matter of principle.

Anyone who blockades a country is blockading himself. Anyone who tries to isolate another is isolating himself. Businessmen all over the world would like to have the same opportunities. If it were possible for businessmen to go to the moon and invest there, they would certainly want to do so. Here we have an island with a little more than 100,000 square kilometers that is not on the moon. One can come by boat, airplane, raft, and yet coming and investing here is forbidden in some areas. We know of businessmen who are pained by this. I was mulling the matter over today as I was flying over some tourist areas, looking at marvelous virgin beaches to which roads and infrastructure are coming. I would ask the citizens of some countries: What will be left here? One day they will understand the mistake and stupidity of excluding themselves. I know of many businessmen in that situation who would like to invest, but at the rate they are going there will not even be a square meter of beach left for them simply because of that policy. Vitality and drive exist in today's world, and I am certain there will be no lack of people who want to join us in that task.

I reiterate that what I have said is meant to express our appreciation, our recognition to you of the great wealth-...[pauses] knowledge we are receiving in these contacts with you. Rest assured of the great reciprocal benefit these contacts will begin to produce and will continue to produce in the future.

But I see I am speaking too long, even though my voice is not in good shape. It must be that with the protest I managed to scare some of the problems a bit. [sentence as heard] I am very happy, because can you imagine what will happen tomorrow and the day after? There will be two full days of endless meetings. What a change of audience!

Instead of you, tomorrow the comrades from the Havana party will be here. Havana is the most difficult area of the country. It is the most difficult city of the country and the one with the most problems. There will be many hours of heated debates on all sorts of topics and all sorts of calamities. I thought I was not going to be able to say a word here, but I believe that tomorrow I will have an opportunity, at any rate, to say something.

Thanks to you for your inspiration and your positive effect, as you have done away with my discomfort. Perhaps because I have spoken slowly and in a low tone, I did not get any worse.

I only have to congratulate you very sincerely. I congratulate all of you, those who won gold medals [words indistinct] that were copied surely from some Greek temple to honor your merits, the honorable mentions. I congratulate those of you who received these awards. I also very warmly congratulate those who have not received any awards, any gold medals, because all of you have contributed with your presence, with your goodwill, and with your efforts to the success of this exhibit. Thank you very much. [applause]

'Straight Talk' on UBPC's, Individualism

FL0811005593 Havana Radio Rebelde Network in Spanish 1700 GMT 5 Nov 93

[Discussion between host Carlos Santana Ojeda and journalist Luis Sexto of the magazine BOHEMIA during the "Straight Talk" program—live]

[Text] [Santana] What is mine, what is ours, and how to reconcile individual and collective interests is the subject we are going to discuss here today during our "Straight Talk" program. I remember that we had begun to raise this subject in a roundtable discussion on economic issues here at Radio Rebelde. Luis, cooperatives are now being organized to manage state-owned land. Does this mean stepping up individualism?

[Sexto] I hear your question and realize that you are obviously prodding me. I will answer your question. Obviously, the organization of cooperatives to manage state-owned land should in no way be construed as stimulating individualism. If someone asked me to give a definition of what the organization of a cooperative system is all about, I would say that—as is true of everything related to the economy, to social life, and to concepts—it would be very difficult for me to answer that question in just a few words, even if I addressed the substance of each question with each answer.

In addition to its current economic readjustments, our country is also trying to give greater elbow room to individuals. This does not necesarily mean, however, that it is giving more elbow room to individualism. This is neither the essence nor the objective of the economic measures that are currently being implemented in the country. Absolutely not.

[Santana] You stated that the organization of cooperatives to manage state-owned land does not mean stimulating individualism. The new system will demand, however, that individuals take greater responsiblity for their work, and greater interest in the outcome of their work. Self employment is also paving the way for developing individual abilities.

[Sexto] Let us differentiate, let us separate these two things; that is, the organization of cooperatives to manage state-owned land, and self employment. We may briefly discuss self employment later. Let us talk about the organization of cooperatives now. First, cooperative ownership is a socialist system of production that reconciles individual and collective interests. This does not mean that individuals will be playing a dominant role. It does mean that individuals will have greater freedom to use all of their productive potential; that is, individuals will be dependent upon the result of their work. An individual will directly benefit from the result of his work; that is, an individual will receive more if he works more; and he will receive less if he works less. This is indeed a very direct link between a man, an individual, and his work. This is the formula on which the cooperative system is based. It is a joint undertaking that takes into account the interests of a cooperative group that owns the production. These cooperatives are known in Cuba today as Basic Cooperative Production Units, UBPC's.

Thus, even though the new system yields direct benefits to individuals, the results of individual work will be distributed collectively. The efforts of all those individuals who work as hard as they can are ultimately always placed in the service of the community. Furthermore, this group of highly motivated men are seeking to achieve national interests. The fact that cooperatives will be managing state-owned land does not mean that these cooperatives will be exclusively serving their own interests or those of their members. That small community embodied by a UBPC will own its production, it will enjoy the benefits of its production, it will decide what to do with its production and benefits, but always by seeking to meet the national interests, always seeking to meet social objectives.

[Santana] Yet, these are the interests of a collective group. Let us change our choice of words. Let us say that the new system will not heigthen the level of individualism within a group.

[Sexto] No. I believe we must exclude the word individualism from our terminology and from our concept of a cooperative production system. Individualism marks the difference between a socialist cooperative production system and private production, which seeks individual, private interests. We must acknowledge, however, that individual tenure of land is permitted in our country. Yet, most of the peasants also seek national interests. They are aware that their work must benefit society and try to serve those social interests. As is known, there are also peasants who do not follow these principles, who are out of tune with this social structure that has sucessfully governed Cuban rural life and land tenure for 34 years.

[Santana] It has become clear here that the management of state-owned land by cooperatives will not stimulate individualism. I believe, however, that we should encourage, that we should channel individual aspirations, albeit without overlooking the values of brotherhood, of unselfishness, of a harmonious existence between the strong and the weak, and between the lucky and the unlucky. I believe this is what our social behavior should be like.

[Sexto] Of course. Our society has nothing to do with being a capitalist society. Even the formulas with which Cuba is now experimenting to adjust to the world we have joined in the past three years are precisely designed to reconcile individual interests with those of society. Thus, we believe that our society will continue to take care of the weak or the less strong. I consider it redundant to repeat this here now.

Despite the difficulties our country is experiencing, the concept of poverty should be a very relative one here. We cannot compare the concept of poverty in Cuba with that of other countries. I believe that all of us Cubans are poor today because we lack many things. Yet this is a poverty stemming from contingencies, from circumstances. As I was saying, we cannot automatically regard as identical the situation of a poor person in Cuba today and that of a poor person in Central America, let us say in El Salvador. Their situations are altogether different.

[Santana] You just said that we are going through an economic crisis. In the face of this situation, what kind of behavior should the people observe?

[Sexto] I cannot recommend to the Cuban people the kind of behavior they should observe.

[Santana] I mean whether the strong should prevail over the weak, for instance.

[Sexto] Obviously, the strong should not prevail over the weak. Our society has never sought to make the strong prevail over the weak, but quite the contrary. I believe that what Cuba is now seeking is to make the strong perform to their full potential and that the less strong perform as such, and be rewarded accordingly. I believe this is a principle of social equality. Our country is trying to implement the socialist principle that each individual should be rewarded proportionate to his competence and his work. In fact, we are trying to implement this principle to make it an objective reality in our social life. This is what our country is now seeking. This does not mean it is seeking to make the strong prevail over the weak. This is not the case. Our country will protect the less strong; it will perhaps protect the less capable, but the capable ones will live as such and those less capable will need to be rewarded according to their work.

[Santana] During all these years of the Revolution, we have advocated and practiced egalitarianism. I would say that we have standardized our people. We have overlooked their individual traits by equally supporting both the hard worker and the bum, the active and the lazy. Don't you think the time has come to put an end to this situation?

[Sexto] Let me note that I do not think we have advocated or imposed egalitarianism. I believe that revolutionaries have dreams. Revolutionaries are driven by an ideal of justice. Under certain circumstances, an ideal of justice may cause them to go beyond what the material circumstances would permit in a given society. I even believe that such an ideal of justice may be deviated from—I would not say distorted because that would not be the right word—but it may be changed, deviated from. This appears to be the most fitting word at this time. Such deviations may thus lead to such distortions as egalitarianism.

I believe our society has become aware that egalitarianism is harmful because by regarding all men as equals, irrespective of their efforts, society may move toward paralysis, toward stagnation. Despite all of our difficulties, even the current egalitarian distribution system—which, based on the circumstances, should be maintained for some time—the bases are being laid in our country to gradually do away with egalitarian ideas that have for some time prevailed in our country. This is why I said earlier that our society is assigning a greater role to individuals so that they may live in accordance with their work, that the result of their work may influence their standard of living; and that to a large extent, their work may determine whether they ought to live better or worse.

We have thus come to the point in which I am interested; that is, the management of state-owned land by cooperatives. As I said earlier, this will in no way mean stimulating individualism or returning to capitalism or anything like that. This is a socialist formula of production which, under the current circumstances, our country is experiencing—that is, shortages, an economic crisis, under which our country is painstakingly rebuilding its economy. We now need to draw on production reserves, and this can be brought about by encouraging individuals to develop their potential. Thus, the concept of what is mine has become somewhat clearer within the concept of what is ours.

I believe that under the old system of distributing land to large state-owned enterprises, the concept of what is mine was somewhat lost because there was no direct material link between individuals and their work. This was the faulty part. We should not fail to recognize, however, that for 30 years, the old system yielded major achievements in our country. No one can ignore the achievements of the Cuban agriculture system. No one can fail to see the large citrus fruit plantations. No one can ignore the level of production of milk, and of cereal grains in this country.

The old system, however, is unable at this time to make individuals develop the production potential that Cuba needs, to the point of working under conditions of shortage of supplies, of lack of expertise, of going back to oxen-pulled carts; that is, under conditions in which the human factor plays a fundamental role. This explains the establishment of the cooperative management system. Although in accordance with socialist theory, the cooperative concept is somewhat less modern than that of the large state-owned land enterprise. The cooperative system is at this time—and I believe for many years to come, and forever—the most effective one in our country.

Yet, even though what is mine is now clearer within the picture of what is ours, we should never consider it to be a return to individiualism. We should never believe or even suspect that individualism is being stimulated, that cooperatives in agriculture or in any area in our country will be designed to promote individualism. On the contrary, they will seek to assign a greater role to individuals within the community.

[Santana] To conclude, because we are already on our last minute, we may thus state that the aspiration of Cubans today is to promote collective interests...

[Sexto] To promote collective interests, but with a greater participation of individual interests.

Weekly Publishes Statistics on Tourism Development

PA0811044493 Paris AFP in Spanish 2110 GMT 7 Nov 93

[Text] Havana, 7 Nov (AFP)—Foreign tourism is the economic "aorta" of Cuba, which "is and will continue to be a socialist country," the Cuban President said, according to an article published Sunday by the weekly JUVENTUD REBELDE.

The weekly reported on the first session of the Communist Party of Cuba [PCC] assembly in Havana, a city of over two million people that is the primary focus of economic, social, and political tensions on the island.

The assembly must elect the new party's board of directors in the capital, and rumors are circulating on the street about the possibility of reelection for First Secretary Jorge Lezcano, one of the deputies elected to the current National Assembly of the People's Government—constitutionally the highest government organ—with fewer votes.

The foreign press has been denied access to the party's assembly. It was forced to limit its reporting to official radio and television reports and JUVENTUD REBELDE, the only Sunday newspaper in Cuba.

President Castro, according to the weekly, indicated that foreign tourism plays "a strategic role" in getting Cuba out of the "special period" it is facing due to the serious economic situation, recognized as the worst crisis in nearly 35 years of Castro's rule.

However, the little information published by JUVENTUD REBELDE demonstrated that in this area the government sector is far from being "peaches and cream."

For instance, the occupancy rate for large state-owned hotels in the capital is only 42 percent, compared to 92 percent in one of the new government-run hotels in Varadero, the best Cuban beach.

Tourism revenues have increased by 36 percent since 1991, and the hope remains of achieving "the dream of attracting one million tourists" in 1995 and four to five million in the year 2000.

But that will only happen "if we are able to eliminate inefficiency," explained Osmani Cienfuegos, a member of the PCC Politburo with important responsibilities in the tourism sector, according to JUVENTUD REBELDE.

"Excessive" costs, "malfunctions," "low occupancy rates," "weak administrative standards," and "overstated" labor lists were some of the criticisms made against state tourism administration.

An example was given that the payroll of one of the largest hotels in Havana was reduced from 990 employees to 577 when Spanish investors took it over.

Regarding the free circulation of foreign currency in Cuba, particularly the U.S. dollar, President Castro referred—according to the weekly—to the increase in the purchase and sale of foreign currency "outside of the state circuit" (on the black market) and "the incentive to already existing phenomena such as streetwalking" (prostitution).

Castro called on participants to "redouble controls on vices that may be promoted and others that some try to introduce into the country," according to JUVENTUD REBELDE.

Havana PPC Provincial Committee Members Elected

FL0811170293 Havana Radio Reloj Network in Spanish 0210 GMT 8 Nov 93

[Text] The new Provincial Committee of the Communist Party of Cuba [PCC] in Havana City Province ratified Politburo member Jorge Lezcano Perez as its first secretary. Glenda Azoy, Jorge Ceballos, Roberto Hidalgo, Evidio Rodriguez, Juana Perez, and Jose Ramon Rodriguez were elected as professional members in charge of the various spheres in that province. Another eight nonprofessional members were also elected to that branch.

In thanking the delegates for the high responsibility to which he was elected, Jorge Lezcano stated: We will cease to exist before betraying the trust of our people, our party, and our commander in chief. Lezcano congratulated the people in the capital for the encouragement and firmness they demonstrate each day in their continued defense of the fatherland's achievements.

Radio Havana Reports Castro's Provincial Assembly Speech

PA0811135893 Havana Radio Havana Cuba in Spanish 1300 GMT 8 Nov 93

[Text] Cuban President Fidel Castro said in Havana on Sunday that development of tourism will allow Cuba to counteract the economic effects caused by the crumbling of socialism in Europe without losing its identity or principles. The top Cuban leader made this statement during the closing ceremony of the Provincial Assembly of the Communist Party of Cuba in Havana at which Jorge Lezcano Perez was reelected first secretary. Fidel Castro stressed that Cuba has accepted the challenge to receive 10 million tourists during the second decade of the next century, and he added that this will represent, in terms of foreign exchange, the equivalent of a 30 million ton sugar harvest sold at 10 cents a pound.

The Cuban statesman recalled the hard blow that the crumbling of the USSR and the socialist nations of Eastern Europe meant to Cuba, because 85 percent of Cuba's foreign trade was with those countries. Castro stressed that the development of tourism will not corrupt the Cuban nation, because it will be different from the tourism that was practiced prior to the revolution.

Castro stressed: We are going to sell air, we are going to sell sea, we are going to sell beauty; we are going to trade with our natural resources, but we are not going to negotiate our principles, our ideas, or our honor.

Robaina Interviewed on Mexican Visit, Caribbean Islands Tour

PA0911025193 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Nov 93

[Interview with Cuban Foreign Minister Roberto Robaina by Nelson Notario in Quintana Roo State, Mexico; date not given; from the "Evening Information Review" newscast—recorded]

[Text] [Notario] Radio Havana Cuba interviews Cuban Foreign Minister Roberto Robaina in Quintana Roo State. He has just concluded his visit to Mexico, a visit filled with activities, meetings, and discussions over five days. During the next few hours, Comrade Robaina will begin a tour of some of the Caribbean islands. How do you evaluate what Mexico has done and your plans for the next phase of your visit?

[Robaina] One must make a very positive evaluation, not out of courtesy but out of the concrete work results, which in a very short time has permitted us to cover a sufficiently broad program and which I also think is the result of the level of relations between Cuba and Mexico. I think that only by having relations such as the ones we have can one achieve a broad plan of exchange which not only updates and strengthens those ties but helps find paths of mutual cooperation in advancing the task with more specific steps—in the case of our country, in the economic, cultural, and sports areas. I feel quite satisfied

with the way in which they prepared the program, and I think it has much to do with the respect, affection, and admiration won by the Mexican people rather than the result of the work of the ministry or any of us, of course, from the personal standpoint.

We will soon continue on a visit to an important part of the Caribbean islands as a result of our common interest in achieving a more practical incorporation into that location of our continent and area. My country does not forget the honorable way in which these Caribbean countries—in the face of the pressures when they were deciding on whether to trade with Cuba—made their decision based on their own concepts and ideas. I think that that is a mutual area in which we also have much to advance, and to our satisfaction it is the first tour that the ministry has organized in such a comprehensive manner.

[Notario] You said in Mexico—I think it was in a meeting with a Cuban group—that you view the Foreign Ministry not only as one that says beautiful words and is diplomatic but one that also advances the revolution, defeats the U.S. blockade against Cuba, finds solutions, and is revolutionary. Does this visit to Mexico and the upcoming visits to the Caribbean countries form part of this philosophy of action?

[Robaina] I think Cuban diplomacy must be.... [pauses] And when I speak of Cuban diplomacy, it must shed light on the work and project that we are defending in the international context in which we live. It is not just the traditional diplomatic terms [words indistinct] to say we are willing to have cooperation, development, and exchange.

I think that what everyone has theoretically understood as the meaning of diplomacy must advance and adapt to those conditions. Today there is no priority more important to Cuban diplomacy than to make known all the efforts the island is making, to make known all the willingness to change, to understand, and to adapt to an increasingly more complex world. To make it known not only means explaining but also taking specific steps in finding such solutions. I believe that the most important thing is to have the diplomatic activity bring about Cuba's presence in the world and have the world understand the truth of today's Cuba.

[Notario] Thousands of Mexicans are listening to Radio Havana Cuba. Radio Havana Cuba is also heard on the Caribbean islands. Do you want to send a message through this station?

[Robaina] I think that on behalf of the people I want to express thanks for the understanding I found in Mexico. One is always told about it and knows about it, but it is always different to be able to feel it personally. To the Caribbean brothers I can say that we have always felt that we are Caribbeans, and we are very pleased to now have an opportunity to express those feelings. I think that Latin America and the Caribbean are excellent places to show that even though we might not have many resources left—due to the way in which for a long time we have been plundered—for me the most important resource is the number of men and women who in this America and this Caribbean are unwilling to continue enduring pressures. I think that by sharing and uniting in this, the challenge we are facing is to advance down the path of an increasingly more necessary integration.

Barbados

Sandiford Denies News Reports of Heart Attack

FL0911031493 Bridgetown CANA in English 2132 GMT 8 Nov 93

[Text] Bridgetown, Barbados, 8 Nov, CANA—Barbados Prime Minister Erskine Sandiford said Monday that contrary to press reports, he did not suffer a heart attack last month.

"In the interest of accuracy, contrary to press reports, my illness was not caused by a heart attack, mild or otherwise," the Government Information Service (GIS) quoted him as saying.

Sandiford took ill in mid-October in Trinidad while taking part in a summit of the leaders of the Caribbean Community (Caricom), Suriname, and the group of three countries—Venezuela, Mexico, and Colombia. He was admitted to a Trinidad hospital which said the diagnosis was angina pectoris, a condition which develops when there is a reduced supply of oxygen to the heart, and elevated high pressure.

Sandiford subsequently spent time in a Washington, D.C. hospital where doctors performed a procedure to clear a partially blocked artery which, he said, had triggered the angina.

"Intervention by my doctors using the procedures of directional atherectomy and balloon angioplasty successfully removed the plaques causing the partial blockage," Sandiford said.

All this information was made available to the news media in a number of press releases from the GIS, he added.

Dominican Republic

Official Questions Colombia's Handling of Diplomatic Row

PA0811162193 Madrid EFE in Spanish 0049 GMT 8 Nov 93

[Text] Santo Domingo, 7 Nov (EFE)—Dominican Deputy Foreign Minister Fabio Herrera Cabral today described as "a serious diplomatic mistake" the disclosure of the contents of notes of protest sent by the Colombian Foreign Ministry to the Dominican Government concerning the alleged "kidnapping" of Colombians who are serving sentences in Dominican jails.

Herrera Cabral said such methods are used in diplomacy "when one side wants to force an incident to gain advantage over the other."

He added: "Very often in diplomacy we use what is known as a test balloon. We perpetrate an indiscretion on purpose to deceive our opponents or to exert pressure to gain an advantage." Herrera Cabral said it may be that Colombian Foreign Minister Nohemi Sanin's "indiscretion" was an effort to resolve domestic political matters. He likewise confirmed that last Friday night he received by fax a note of protest issued by Dominican Ambassador to Colombia Patricio Badia Lara.

Last week, the foreign press divulged a report to the effect that Foreign Minister Sanin had sent a "strong protest" to the Dominican Government regarding the alleged kidnapping of two Colombian citizens. Sanin blamed the country for the death of Jose Romero Bohorquez, who succumbed to AIDS at a state hospital in September, and the incarceration of Fernando Garcia Valdebenitez, both of whom were accused of drug trafficking by Dominican authorities.

The Dominican Government said Colombia is trying to ward off pressure for the release of four Dominican citizens who allegedly received training from Colombian guerrillas and have been serving sentences in Colombia since October 1992.

Dominican Attorney General Efrain Reyes Duluc said yesterday that Garcia Valdebenitez and other Colombians imprisoned in the Dominican Republic on drug trafficking charges will be released only after they have served the sentences imposed on them by competent courts.

Cuban Exiles Under Arrest; Attempt To Travel to Puerto Rico

PA0911011093 Madrid EFE in Spanish 1628 GMT 8 Nov 93

[Text] Santo Domingo, 8 Nov (EFE)—The 72 Cuban exiles who occupied the Mexican Embassy in Santo Domingo in September are under arrest in Santo Domingo today after being rescued on 7 November on Caribbean waters while attempting to travel clandestinely to Puerto Rico. Their craft had begun to take in water.

The boat had 87 people on board, including 33 children and several Dominicans who are now under arrest at the central Dominican police headquarters. The police said that for now they are unable to supply information or allow access to reporters, because the group "is under investigation."

The clandestine travelers sailed from a pier near the beach in Haina (15 km southeast of Santo Domingo), when their boat began to take in water opposite Boca Chica, about 40 km east of Santo Domingo.

After the Dominican Navy rescued the group they were then taken to the Navy Command in Boca Chica, where after some protests they were taken by bus to the police facilities.

The 72 Cubans arrived in Santo Domingo in April from Grand Cayman on board two flights chartered by Cuban exiles in Miami. They had escaped Cuba shortly before in a boat that was forced to dock for repairs in Grand Cayman.

The Miami exiles also paid their fellow Cubans' hotel lodgings for three months in Santo Domingo. The refugees were eventually evicted due to nonpayment. The group was then forced to seek refuge in a public park up to 16 September, when they occupied the Mexican Embassy to demand safe-conduct to travel to the United States.

The occupation ended voluntarily eight days later, and Dominican President Joaquin Belaguer authorized their being put up and fed in a government-owned summer camp until they could resolve their situation.

Haiti

Diplomats Reportedly Question Caputo's Remaining in Post

FL0811200093 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Nov 93

[Text] Coming after Somalia, the worsening of the Haitian crisis was perceived as a new setback for the United Nations and also for Washington and, especially, a personal failure for the special representative of the United Nations, Argentinian Dante Caputo. Pessimism prevailed in Port-au-Prince the day after the Army boycotted discussions convened by Caputo to restart the implementation of the Governors Island agreement, which provided for President Jean-Bertrand Aristide's return from exile on 30 October, two years after his ouster by the military. Forced to cancel the discussions, Caputo left Port-au-Prince to consult with UN Secretary General Butrus Butrus-Ghali and, likely, to recommend new sanctions. Diplomatic sources were privately raising questions as to his remaining in his post. Some Haitians were even speaking of him in the past tense.

As previously in Somalia but in a much more muffled manner, the United States seems now to have doubts as to the strategy followed until now in Haiti, officially aimed at President Aristide's return to power, and as to the way this strategy has been applied. Officially, nothing has changed. On 5 November, Lawrence Pezzullo, representative of the U.S. Administration for Haiti, publicly reaffirmed in Port-au-Prince Washington's support for Caputo and his actions. But a U.S. source, who wishes to remain anonymous, told AFP that he is behaving not like a mediator, but like a lawyer. Caputo does not consider himself a mediator because the democratic legitimacy belongs to only one side, his spokesman, Eric Falt, told

AFP on 5 November. He cannot put on the same plane a legitimately elected president and the military who overthrew him. He does not consider himself neutral, but does consider himself objective, Falt added.

Diplomatic sources said that the United States could in no way blame the United Nations for the current deadlock in Haiti, as was the case in the Somali crisis. In fact, Washington supported Caputo—whose side Pezzullo rarely leaves—in each measure he took. They virtually live together, the same anonymous source said recently. According to this source, the United States exerts a dominant influence over UN actions in this crisis. Caputo has been reproached for many things, first for having accepting the fact that the Governors Island agreement set a date for the return of Mr. Aristide, for whom that was the main requirement. Received at the White House in May, Aristide pleaded with President Clinton to obtain this date from Washington. This deadline was exploited by opponents of Aristide's return who saw a weakness in it, Falt acknowledged without admitting that it was a mistake.

Another diplomatic source who also wants to remain anonymous told AFP that the United Nations has repeatedly blundered. This source labels as a basic mistake Caputo's decision to have the entire civilian UN mission—some 270 human rights observers—leave hastily in mid-October under the pretext of a climate of violence in Port-au-Prince. Caputo will not succeed because he is lacks one thing: the respect of the interlocutor, namely the Army, added this source who also accuses the Argentine diplomat of extreme partiality. Those criticisms, all from persons who have no affection for the military, strangely echo the objections of the Army and its allies.

The Revolutionary Front for Haitian Advancement and Progress [FRAPH], very close to the Army or, at least, to its hard core, asked the United Nations this weekend to draw conclusions from these new (?data) and to recall the continuously biased arbitrator, Caputo. In contrast, FRAPH recently showered praise upon Pezzullo, speaking highly of his sense of responsibility and tact.

Government Refuses To Submit Names for Sanctions

FL0811200293 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Nov 93

[Text] The government has refused to submit to the United Nations lists of persons or corporations to be sanctioned. In a press release signed by the prime minister's spokesman, we read: The press office of the prime minister advises that the government could in no way submit lists of Haitian individual or corporate persons to be subjected to sanction by foreign states or by international organizations. Any information indicating the contrary is unfounded, concludes the note of Emile Jean-Baptiste, spokesman for the prime minister.

Government Delegation To Meet With Aristide in Washington

FL0811170593 Port-au-Prince Radio Metropole in French 1145 GMT 8 Nov 93

[Text] A ministerial delegation of the Malval government is due to leave Port-au-Prince today for consultations in Washington with President Jean-Bertrand Aristide. The concern of the government is to find a solution to the crisis by safeguarding Haiti's chances of democracy and survival, according to a news release from the information minister. The members of the delegation were not identified in the press release. However, we learned that this delegation must leave Port-au-Prince this morning for Washington where the members are scheduled to meet with President Aristide regarding the political situation.

Ministers Leave for Meeting

PA0811232793 Paris AFP in Spanish 2118 GMT 8 Nov 93

[Text] Port-au-Prince, 8 Nov (AFP)—The ministers of Prime Minister Robert Malval's government left Port-au-Prince on Monday for Washington, where they will meet with constitutional President Jean-Bertrand Aristide regarding the situation in Haiti. The officials who went are Herve Denis, information, culture, and coordination minister; National Education Minister Victor Benoit; and Social Affairs Minister Berthony Berry.

Several members of the diplomatic corps including U.S. Ambassador William Swing and Leandro Despouys, political adviser to international mediator Dante Caputo, accompanied them to the airport.

The three members of the Haitian cabinet are to meet with Industry and Commerce Minister Louis Dejoie and Public Health Minister Jean Moliere, who are already in the United States for the same purpose.

CONACOM Favors Concord, Opposes Intervention

FL0911021693 Port-au-Prince Signal FM Radio in French 1800 GMT 8 Nov 93

[Text] The solution proposed by the United States will not be the right one, stated (Dieunois) Eric Cantave of the National Congress of Democratic Movements [CONACOM], who opposes foreign intervention:

[Begin Cantave recording in Creole] I unfortunately acknowledged this option. I heard several statements made in that respect within the international community. Unfortunately, I am saying that it is a possibility. Myself, I am not working for that at all. I would not like any intervention, not to mention occupation of the national territory. However, I said that we must work together with all the nations we are used to working with, and which are used to giving us support, in order that we may find our own solution, our Haitian solution. I am

totally against, and I strongly condemn all forms of intervention, whatever form it may take. [end recording]

Cantave does not reject the idea of a large concord to expedite a national solution. However, only real democrats would be able to participate in this government which would have to favor national reconciliation and restoration of democracy.

[Begin Cantave recording in Creole] It is certain that we never spoke of a small concord, because in the democratic sector, CONACOM has always spoken of a concord government. In a concord, you must have concord—not a small concord or a large concord, just concord. And within concord, we believe that there is room for everyone. Everyone must be included. However, when we say everyone, we do not mean anyone, who does any kind of thing, but rather, all democrats would have their space within it. I believe there are democrats in all camps, in what people in Haiti call a camp.

I therefore do not have a problem that the government is a government of overture in which different sectors of the nation can be included. I think it is one of the formulas that should have been adopted from the start. Unfortunately, it was not done. We are working in that respect. [end recording]

Army Denies Aborting 5 Nov Meeting, Advocates Talks

FL0811222193 Port-au-Prince Radio Metropole in French 1900 GMT 8 Nov 93

[Text] The Haitian Army today rejected accusations that it was responsible for the failure of the discussions at the Christopher Hotel, where the various Haitian parties were to meet at the end of last week to attempt to reach agreement on the Governors Island accord. These statements were made about 30 minutes ago by the spokesman for the military institution during a press briefing. Rothschild Francois reports live:

[Francois] The Army denies all responsibility in the failure of the talks that were due to be held last week to resolve the points of contention in the Governors Island accord. During this news conference, the Army spokesman stressed that the Army had raised certain points regarding this meeting, but that Dante Caputo had not taken them into account. They also discussed President Aristide's statements at the United Nations, asking for the resignation of the military chiefs before convening parliament to vote the law on amnesty. The Army spokesman stressed that Dante Caputo clearly did not respond to the Haitian Army, which decided not to participate in the meeting.

It should be pointed out that, questioned on statements by U.S. President Bill Clinton on 7 December, that even a military intervention [is possible], the Army says this is a pity, and remains convinced that to emerge from the crisis, dicussion is necessary. The Army favors talks with all sectors of national life to help Haiti overcome the crisis.

Regarding the word, boycott, used by the United Nations to describe the military's attitude towards the 5 November meeting, the Army finds this a pity because dialogue is necessary in extracting Haiti from the crisis.

St. Lucia

Compton 'To Remove Any Corrupting Influences'

FL0811221693 Bridgetown CANA in English 2038 GMT 8 Nov 93

[Text] Castries, St. Lucia, 8 Nov, CANA—St. Lucia Prime Minister John Compton, speaking against a backdrop of persistent press reports alleging corruption in the public service, promised at the weekend to "remove" any corrupting influences.

In a speech to launch Civil Service Association (CSA) week, the prime minister noted St. Lucia had "gone a long way" because it was able to count on public officials with a high level of integrity. If St. Lucia's record of integrity-keeping public servants was "in danger," government would act, he vowed.

Compton's comments came against the backdrop of letters to him from the CSA and two other unions, urging his government to clear the air on the media allegations of corruption in the public service. The St. Lucia Chamber of Commerce and a leading Catholic priest had joined calls for the government to probe the allegations.

Compton also used the speech to stress the need for St. Lucia to adjust to current global economic trends. Any adjustment should be the result of dialogue among the various national interests, instead of confrontation, he said.

Honduran President on Possible U.S. Rejection of NAFTA

PA0711202493 Mexico City NOTIMEX in Spanish 1941 GMT 7 Nov 93

[Text] Tegucigalpa, 7 Nov (NOTIMEX)—Honduran President Rafael Leonardo Callejas today said that if the U.S. Congress rejects the North American Free Trade Agreement [NAFTA] "it would be a setback in terms of free trade worldwide." He added that if NAFTA is rejected, Central America will suffer both medium- and long-term setbacks by being denied the ability to participate in an important free trade zone.

The trade agreement among Mexico, the United States, and Canada (scheduled to go into effect on 1 January 1994) will be submitted to the U.S. House of Representatives for approval on 17 November. The Canadian Parliament has approved the agreement, but the Mexican Senate has yet to ratify it.

Meanwhile, Callejas gave assurances that the free trade agreement between Central America, Colombia, and Venezuela, which the Central American countries signed on 12 February, will be signed by the South American countries before the end of the year. Although the free trade agreement with the South American countries should have been signed at the recent regional summit in Guatemala, this failed to occur because certain technical agreements had not been reached. Nevertheless, the Honduran president expressed hope that the agreement would be signed before 31 December 1993.

Although, while addressing the United Nations, he spoke against the blockade established against Cuba by the United States since 1960, President Callejas dismissed the possibility of Honduras restoring relations with Cuba.

"We have always stood against any action that interfers with the commercial affairs of the world's nations," Callejas said, explaining Honduras' vote against the U.S. blockade on Havana.

Nicaragua Foreign Minister on Effects of Possible NAFTA Defeat

PA0811211293 Mexico City NOTIMEX in Spanish 1956 GMT 8 Nov 93

[Text] Managua, 8 Nov (NOTIMEX)—The rejection by the U.S. Congress of the North American Free Trade Agreement [NAFTA] would delay Latin America's liberalization process, Foreign Minister Ernesto Leal warned today, 8 November.

A vote against the treaty "would halt the drive to develop a free trade zone with Latin America, and that would delay the process of commercial liberalization," Leal said in a news conference.

The projected commercial liberalization among the countries of Latin America and North America would suffer a setback for "many years" if the U.S. Congress rejects the trade agreement negotiated among Canada, the United States, and Mexico, Leal reiterated. Most countries in the region have expressed their intention to adhere to NAFTA once it enters into force on 1 January, creating a market of 350 million consumers.

Leal said the Isthmus countries feel it is important that, through free trade in North America, some products may be exempted from tariffs by way of the Caribbean Basin. For Central America, "it would be harmful if the treaty is not approved, because the plans are to join this region in the near future to the northern market," the foreign minister added.

NAFTA was signed in 1992 and ratified in June by the Canadian Parliament. It must also be approved by the U.S. and Mexican legislative chambers to enter into force on 1 January. The House of Representatives will vote on the treaty on 17 November, requiring the support of 218 out of the 435 representatives and of 51 out of 100 senators to be ratified.

PRD Candidate Comments on Political Civility Elections Pact

PA0911002893 Mexico City XEQ Canal 9 Television Network in Spanish 0200 GMT 5 Nov 93

[Report by Fernando Mora; from the "Plenty of News" newscast; live relay by Mexico City XHTV Television Network]

[Text] PRD [Party of the Democratic Revolution] presidential candidate Cuauhtemoc Cardenas has commented on the political civility pact for the 1994 federal elections at the School of Political and Social Sciences of the National Autonomous University of Mexico [UNAM]. Here is Fernando Mora with a report:

[Begin recording] [Mora] PRD presidential hopeful Cuauhtemoc Cardenas Solorzano met on 4 November with students of the UNAM School of Political and Social Sciences. Cardenas commented on his foreign policy plans for Mexico.

[Cardenas] Ours is not a plan of submission or of disregarding or belittling the values that give us identity and that have been essential in preserving our nationality and the very existence of our nation.

[Mora] Cardenas also commented on the political civility pact for the 1994 federal elections.

[Cardenas] I do not think a pact is necessary to comply with the law. We all must comply with the law, even if we do not agree with some of its aspects. We must all comply with it, and those who do not should be sanctioned and punished according to the law.

[Mora] The meeting took place on the quad of the UNAM School of Political and Social Sciences. [end recording]

Three Opposition Members Murdered Between 4-6 Nov

PA0811235793 Madrid EFE in Spanish 2024 GMT 8 Nov 93

[Text] Morelia, Mexico, 8 Nov (EFE)—Three members of the opposition Party of the Democratic Revolution (PRD), Mexico's third political force, were murdered between 4 November and 6 November in Michoacan, in the western part of the nation, reported PRD sources in the Mexican capital.

On 4 November Filemon Esquivel and Anastasio Barrera, Zitacuaro Town Hall councilmen, died in what the justice prosecutor labeled as an attack, and on 6 November Vidal Nieto Leon, leader of the Democratic Peasant Union, was murdered in the town of San Pedro Tarimbaro.

Nieto was attending a wedding during which he argued with two individuals; one shot and killed him. Emilio Vazquez, Michoacan government director, rejected that the murder was politically motivated.

Before his death, Nieto had announced that he was going to lead a demonstration in Mexico City with foreign vehicles to ask the Treasury Secretariat to legalize the status of over 6,000 of these vehicles that circulate in Mexico State.

Two weeks before, Nieto was jailed and released a few days later due to pressure exerted by peasant groups.

Regarding the two PRD councilmen in Zitacuaro, the Justice Prosecutor's Office stated: "It was not a political crime, rather an assault on the highway by two individuals against whom the two PRD members had put up a struggle."

Leopoldo Gonzalez, Mexican Democratic Party spokesman, said that the crimes are clear signs of somebody wanting "to silence the leaders who have hampered the government in this region."

Gonzalez said: "Any crime committed before the presidential campaigns take off weakens the political setting at a high cost to Michoacan's social and political calmness."

According to official numbers, 239 PRD activists have been murdered since the party was organized in 1989.

Belize

Opposition Bribery Attempts Threaten Government

FL0811205593 Bridgetown CANA in English 1731 GMT 8 Nov 93

[Text] Belmopan, Belize, 8 Nov, CANA—Belize's Trade and Industry Minister Salvador Fernandez was planning to give a statement to the police Monday about an alleged attempt by representatives of the opposition People's United Party (PUP) to bribe himself and Agriculture Minister Russel Garcia to cross the floor. Prime Minister Manuel Esquivel told state radio Sunday evening Garcia had given a statement to the police last Friday while Fernandez planned to do so Monday.

News of the alleged attempt to bribe the two ministers to cross the floor first surfaced in the House of Representatives last Friday. The ruling United Democratic Party (UDP), which took the government from the PUP in general elections last June, has a two-seat majority in the House. Two defections would mean the collapse of the government.

After police exmaine both statements, the matter will be referred to the director of public prosecutions, who will decide whether to press charges against the individuals concerned.

Speaking in the House last Friday, PUP chairman Said Musa admitted he had spoken to Garcia about crossing the floor, but said this was only after Garcia had first raised the matter with him. Recorded telephone conversations allegedly involving one of the ministers and the PUP agents trying to buy him over, were played in the House.

El Salvador

Chamber of Commerce Denounces Labor Union, U.S. 'Pressure'

PA0911012593 San Salvador EL DIARIO DE HOY in Spanish 7 Nov 93 p 3

[Text] The Salvadoran Chamber of Commerce has denounced that the General Preference System [SGP]—a mechanism by which the United States allows for the duty free import of most Salvadoran products—is being used for "blackmail" purposes and as a "pressure tactic" by Salvadoran labor unions and by the U.S. Government itself.

The labor unions are "using the SGP as a way of blackmailing and pressuring the Salvadoran private sector and government, because a suspension of the advantages that the SGP provides to El Salvador would adversely affect the private sector itself," according to Francisco Castro Funes, Chamber of Commerce general manager.

Salvadoran products are able to compete with other foreign products inside the United States thanks to the SGP; therefore, its suspension would imply the loss of the largest foreign market for Salvadoran products.

One of the requirements that the countries must meet to benefit from the system is the respect for labor rights. Each time the private sector or the U.S. Government want to pressure El Salvador into accepting any request or "recommendation," the country is threatened with the "revision or suspension" of the SGP.

The Chamber of Commerce general manager said the Salvadoran labor unions' demands are supported by pressure labor groups, because they know that once job positions are shut down in El Salvador, a job for them is guaranteed in the United States.

As for the SGP's use as a U.S pressure tactic, Dr. Juan Jose Daboub, Chamber of Industry Committee president, said that once Central America becomes a single economic bloc, such a tactic will lose its effectiveness.

"They are applying the golden rule on us, in which he who has the money states the conditions," the business leader said.

Daboub admitted that if El Salvador is excluded from the SGP the country would lose its leading markets in the United States, because Salvadoran products could not compete with other countries, for it would have to pay more taxes.

Defense Minister Comments on Peace Process, Death Squads

PA0811192493 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 5 Nov 93

[Report by Angel Iraheta from the "Radio News KL" newscast]

[Text] Salvadoran Defense Minister Colonel Humberto Corado Figueroa has said that peace cannot be disrupted, despite the recent acts of violence in the country. Corado Figueroa said it is necessary to continue working on the nascent peace process initiated on 16 January 1992.

[Begin Corado recording] I believe the peace process is irreversible and must be maintained. I do not think we are going to return to the past. A single victim—the death of a single Salvadoran—however, is enough cause for us to be concerned. We, undoubtedly, will persevere in the process. These are, however, setbacks that must be overcome. [end recording]

Asked about the Armed Forces' participation in the investigation of the alleged death squads, Corado replied that the institution has the best of intentions to cooperate.

[Begin Corado recording] We are willing to cooperate in every way possible and to conduct whatever investigation is necessary to achieve tranquility and peace. We are acting in accordance with the law, the Constitution, and the legally constituted government. We are not concerned in the least about any investigation and are acting responsibly. [end recording]

Corado Figueroa added that the institution knows about the existence of several armed groups operating in several parts of the country. He hinted that some kind of action may be launched at any moment against these groups. Corado made the statements a few moments before participating in the ceremony marking the 182d anniversary of the first cry of Central American independence. The ceremony was held in La Libertad Plaza in San Salvador.

Catholic Church Comments

PA0811145593 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 8 Nov 93

[From the "KL Radio News" newscast]

[Text] The Salvadoran Catholic Church says it does not believe the political violence taking place in the country over the past few weeks will obstruct the normal development of the peace process in El Salvador. Nevertheless, the Catholic Church has acknowledged that violence will make the peace process more difficult.

At a news conference, San Salvador Archbishop Arturo Rivera y Damas said: I do not believe the peace process is in any danger. Nevertheless, all of this certainly makes coexistence more difficult, and it tarnishes El Salvador's image abroad. I have no doubt about this.

Rivera y Damas expressed his hopes in that the ultrarightist death squads, which are responsible for the deaths of two former FMLN [Farabundo Marti National Liberation Front] leaders, will be dismantled as result of the United States' announcement to open its files on the past civil war.

In this respect, the archbishop indicated that the clandestine groups will be able to be disarmed with the assistance of all Salvadorans, and he called on all sectors involved in the peace process to take utmost advantage of the opportunity being offered.

In addition, the Catholic Church representative pointed out that the arrival of UN Under Secretary General Marrack Goulding to contribute to solving the murder of the two FMLN members will most likely help unblock a peace process that so far has been deadlocked and allow it to reach a positive conclusion.

Candidate Chavez Criticizes Political Respect Accord

PA0811133193 San Salvador Canal Doce Television in Spanish 0300 GMT 6 Nov 93

[From the "Up to Date" newscast]

[Text] Fidel Chavez Mena, the Christian Democratic Party's presidential candidate, called the agreement signed by the political parties a merely lyrical document that will not resolve the problem of political violence in the country. Fidel Chavez Mena said that he did not sign the agreement along with the other candidates, because it is purely cosmetic and will not solve the crime problem. He added that the other presidential candidates are simply seeking acceptance from international public opinion.

[Begin Chavez recording] I did not sign this agreement with the other presidential candidates because it is purely lyrical. It says absolutely nothing. It make no specific statements, and the Nationalist Republican Alliance [ARENA] government is making no commitment whatsoever. [end recording]

Among other things, Chavez said he did not sign the agreement because, in his words, the government is using government funds for its political campaign.

[Begin Chavez recording] No government funds should be used to favor ARENA, as the government is currently doing. Proof of this is the multimillion-dollar campaign the government is waging in favor of ARENA with government funds. We think it is atrocious to sign a lyrical document that offers no solution for any of the inhabitants of this country. [end recording]

Regarding the announcement of the arrival of UN Special Envoy Marrack Goulding to participate in the investigation of recent political crimes, Chavez said that this was positive for the country, because international investigators are impartial and do not conceal the guilty.

Guatemala

Bishop Quezada Rejects Request To Mediate Peace Talks

PA0811143293 Panama City ACAN in Spanish 1830 GMT 7 Nov 93

[Text] Guatemala City, 7 Nov (ACAN-EFE)—Bishop Rodolfo Quezada Toruno announced today that he was turning down an invitation from the government to act as mediator in the peace talks with the guerrillas. He said the peace process methodology President Ramiro de Leon wanted to use in the case of Guatemala has already been "surpassed."

The Guatemalan Episcopal Conference (CEG) today issued a communique stating it will not participate in the new National Reconciliation Commission (CNR), which the De Leon administration dissolved in June, shortly

after coming to power. Quezada acted as mediator in the peace process from April 1991 until June. According to the bishop, the proposal Ramiro de Leon Carpio presented last month, which had excluded the Church from the process, has no possibility of reaching an early agreement to put an end to the war that began in 1960.

The bishop's participation as mediator is one of the demands the Guatemalan National Revolutionary Unity (URNG) has made to open the talks that were suspended in May. According to Hector Rosada, the government's Peace Commission coordinator, the government has accepted the rebels' terms.

Quezada, however, said the CEG did not accept the reinstallation of the CNR, as proposed in the government plan, because the system is obsolete. The proposal called for the peace process to work within the framework of the Reconciliation Commission, and it was drawn up in accordance with the Central American Peace Agreements, also known as Esquipulas II.

The Catholic Church affirmed in the communique, which ACAN was able to examine, that it will not participate in the reintegration of the commission, because the current situation is different from the one existing in 1987. The communique also noted that the government's new plan is unfeasible. Quezada Toruno said he will have nothing more to do with the peace dialogue, because he is "not willing to waste time on an endless process."

The Government proposal asks the bishop to coordinate the Forum for Peace in Guatemala, in which representatives from all sectors of the country, including the URNG, are to participate. The government also asked the United Nations to help mediate instead of maintaining its role as a mere spectator of the process.

According to Hector Rosada, the United Nations is trying to organize an unprecedented private meeting between the two sides. This meeting could take place before the end of the year in an effort to bring to an end the only armed conflict left in Central America.

Nicaragua

FSLN's Borge Sees Passing of Armed Struggles in Region

PA0811192993 Mexico City NOTIMEX in Spanish 1819 GMT 6 Nov 93

[Text] Mexico City, 6 Nov (NOTIMEX)—Sandinist National Liberation Front [FSLN] Commander Tomas Borge has said it is not necessary for the FSLN to give up political space to contribute to democracy in Nicaragua. Borge pointed out that as a political party the FSLN does not intend to impose totalitarianism in Nicaragua.

Interviewed in this capital's airport before departing for Brazil, where he will attend the second meeting of the Permanent Conference of Latin American Political Parties, Borge said that an armed struggle is no longer the way to seize power in the region. He argued, however, that if the Latin American political leaders do not defend the interests of the people, the emergence of rebel groups in urban areas—as recently happened in Venezuela—cannot be prevented.

Presidency Minister Presents Budget Blueprint to Assembly

PA0811125993 Managua Radio Nicaragua Network in Spanish 1100 GMT 4 Nov 93

[From "This Morning" news magazine]

[Text] In a true spirit of sharing and with the best intentions of President Violeta Barrios de Chamorro's government, Presidency Minister Antonio Lacayo and members of the Economic Cabinet have submitted the 1994 general budget of revenues and expenditures to the National Assembly. The general budget of the Republic, according to Lacayo, will inspire growth in production and in the entire economy, opening opportunities for the unemployed, creating greater access to loans for farmers, leading to the construction of more schools and health centers, and encouraging progress and tranquility for all Nicaraguans.

[Begin Lacayo recording] We have come before you to share our views on the economic outlook for 1994 and to submit the general budget of the Republic, which the government has drafted within the framework of the economic outlook. We are coming here in a true spirit of sharing with you what we know about the year that will begin in two months, and we are coming here with the best intention of—once we have finished our presentation and held frank and friendly discussions—increasingly sharing at the end of this session the decisions and actions necessary to achieve the objectives I am certain we agree on—namely, the vigorous growth of our production and the national economy as a whole. This, in turn, will provide opportunities for the unemployed; greater access to loans for farmers; better roads, schools, and health centers for town residents; and better standards of living for all, just as the Nicaraguan people deserve.

We are planning to proceed with a format in which the morning will be spent on six brief presentations—presentations that will cover the outlook for 1994. We think that in this way you will immediately have all of the necessary information to clearly see the relationship among all these elements, which no doubt comprise a complex and delicate structure, although achieving our common objectives of welfare and progress greatly depend on them.

Therefore, without saying any more, I would like to begin discussing topic I am in charge of by saying that on 3 March 1991—32 months ago exactly—the government launched its economic stabilization program entitled "Let Us Go to Cordoba" [Vamos al Cordoba], which was

aimed at putting an end to the hyperinflation that had beset the country since 1986, and which was designed to halt the constant decline in the GDP [gross domestic product] our economy had been experiencing since 1984.

As a result of the sharp drops in output in 1978 and 1979, the slight recovery registered between 1980 and 1983, and annual declines from 1984 to 1990, production in Nicaragua dropped a total of 38 percent, whereas the population grew 60 percent during a 13-year period. Per capita GDP shrank 71 percent during this period, going from $1,200 to just over $400. Nicaragua had bottomed out in terms of this major economic indicator, sharing with Haiti such a sad position. We had to end these sharp declines and the persistent deterioration of national production, and we had to begin with the most obvious problems, or what seemed most obvious—lowering the fiscal deficit through a substantial real devaluation of the cordoba and imposing strict monetary controls to be done with, once and for all, artificial emission [emision inorganica]. Results were not long in coming. Inflation practically disappeared, dropping into the single digits in 1992, and the sharp decline in output was halted that same year with positive and very moderate growth of real GDP for the first time since 1984. Together with the implementation of the stabilization program, the government also began in March 1991 a structural adjustment program aimed at transforming Nicaragua's economy into a market economy—an economy oriented toward exports. The program also was aimed at reviving the private sector to reactivate economic growth in a sustained and equitable fashion, and, while doing this, we would gradually turn the economy away from being so dependent on foreign aid. Since that time, we succeeded in stabilizing the economy and making headway in transforming the system we inherited in 1990. We eliminated most of controls on commerce and prices. Seven private banks began operating, and the finances of three state banks improved. [end recording]

* Chamorro Discusses Departure of Humberto Ortega

94CA0024A San Jose LA NACION in Spanish 13 Oct 93 p 6A

[Interview with President Violeta Chamorro by LA NACION news chief Edgar Fonseca in Managua on 11 October 1993; first nine paragraphs are LA NACION introduction]

[Text] Managua. Beset by a brooding Sandinist resistance that raises fears of political and military chaos, Nicaragua's President Violeta Barrios de Chamorro seems well aware that in order to recover a little internal and external credibility she must stand firm on certain promises.

She considers one of these promises irreversible: to replace the head of the Armed Forces, General Humberto Ortega Saavedra, in 1994. She made this clear in an interview with LA NACION on Monday [11 October] at 1600.

Soon to turn 64 (on 18 October), suffering slightly from a problem with her leg but mentally calm, the woman who governs the destinies of 3.4 million Nicaraguans emphasizes that she does not intend to retract what she said on 2 September during a military ceremony.

On that day, to the displeasure of the brothers Humberto and Daniel Ortega (her predecessor in the presidency), she said that in 1994 there will be a change in the Army's commander.

Irritated, the Ortegas not only created an incident in front of foreign diplomats, but also promised to take harsher positions on government policies.

One sign of this was the disturbances in Managua between 20 and 24 September which left at least two people dead and economic losses of approximately $12 million, caused by actions led by Daniel Ortega.

In an interview with this newspaper on 12 September, General Ortega stated that he will not leave his post humiliated or in response to pressure, and said he was prepared to leave in 1996.

But on the president's calendar, the date for Ortega's departure has already been set.

An excerpt of the conversation with Nicaragua's chief executive follows.

The General Is Going

[Fonseca] After the latest outbreaks of violence, people in Costa Rica have concluded that you are under tremendous pressure from the Sandinist Front....

[Chamorro] Not at all. I do not respond to pressure from anyone. In Costa Rica people got to know Violeta Barrios de Chamorro quite well when I was a member of the Government Junta (1979-1980), and they know I do not tolerate pressures from anyone. I have worked for reconciliation here. What does that mean? That if you do not make peace with your enemy you get nowhere, you can not work.

[Fonseca] But when you announced General Ortega's possible removal in 1994, Sandinists protested and Ortega himself said: "If I leave humiliated, there may be a great deal of insecurity here." Sandinists are going into the streets with displays of violence, which they call a disturbance....

[Chamorro] They (the Sandinists) are like wounded tigers, but we have a president here who was elected by the people in a democracy. I have made some changes in the Army. There must be change both in the Army and in

the government. I do not retract what I said on 2 September; there is going to be a change.

[Fonseca] You mean that in the coming year you are going to replace....

[Chamorro] Yes. Humberto Ortega is going in '94. I want him to leave as a friend of the Nicaraguan people and go back to civilian life.

[Fonseca] But they (the Sandinists) even....

[Chamorro] They can say what they want and they can have strikes and say they are going to break off the talks, but they have to accept (the changes).

[Fonseca] Just today the Sandinist Assembly issued a statement saying that there is interference....

[Chamorro] There is no interference. This is democratic. Even in Russia, which is now democratic, they are also making changes.

[Fonseca] Mr. Ortega told me that he plans to leave in '96.

[Chamorro] He is leaving in '94. I told him that in front of a number of military people.

[Fonseca] After the recent outbreaks of violence, do you not think there might be other, and greater, violent incidents?

[Chamorro] I hope and trust in God on whom the Nicaraguan people rely. And I do not think that what just happened was supported by everyone. That demonstration was organized by Daniel Ortega, and backed by one group.

[Fonseca] How would you describe Daniel Ortega's action in the streets?

[Chamorro] It shows weakness on his part. He thinks he still has power. He thinks he is still president, but he is not.

[Fonseca] At one time it was thought that Sandinism had you trapped, that if you made a decision they would take certain actions. They take to the streets as a form of pressure.

[Chamorro] Not all of them. The one who takes to the streets is Daniel Ortega. There are (video) tapes showing him driving around in a jeep with his wife watching the strikes. They will have to realize that such things cost them a lot. If he wants to run for president next time, we will see if people will vote for him.

[Fonseca] But your government had to reverse the taxes on vehicle ownership....

[Chamorro] Nobody is perfect. I do not feel any worse for doing what the people wanted.

[Fonseca] There are fears of a civil war. What do you think?

[Chamorro] I do not want civil war. I never tire of telling people who go about armed to turn in their weapons. They were given an opportunity that ends on 20 [October]. They know that if they do not turn them in, the Army is going to take away their weapons.

Dialogue, Constitutional Assembly, Her Term

The Nicaraguan capital is seething with controvery about the recent talks between the FSLN [Sandinist National Liberation Front] and UNO [National Opposition Union] which, although it helped Violeta de Chamorro become president, now adamantly opposes her. The government has been sidelined from these talks.

The most controversial aspect of these talks was the lengthy secret meetings between Daniel Ortega for the Sandinist Front and Virgilio Godoy, Nicaragua's vice president and a strong critic of the government's relations with the FSLN.

A Sandinist deputy, Rafael Solis, recently said that in these talks the Sandinists allegedly offered Godoy the possibility of support in a possible constitutional move to replace Mrs. Chamorro.

The president added to this the comment that she has been attacked for governing jointly with the Sandinists, when what she did was to try to talk in order to find solutions for problems.

[Fonseca] There is dialogue, but outside the government.

[Chamorro] I am very happy that the politicians are governing jointly with the Sandinists. That is what I want: dialogue.

[Fonseca] But they are talking about shortening the presidential term.

[Chamorro] Wait just a minute. That is in the Constitution. It is up to the Legislature. Neither Daniel Ortega nor any member of UNO can do that.

[Fonseca] What do you think of the proposals for constitutional reform, saying there should be a Constitutional Assembly? Are those things necessary?

[Chamorro] I have read the polls, the newspapers. The people want no part of a Constitutional Assembly at this time. Nor do they want another president to step in. I am delighted about that. The day when they tell me: "Dona Violeta, enough!", I will go home. I will continue my humanitarian work and will shed the burdens of the presidency.

Panama

Minister Explains Failure To Secure International Loans

PA0811154093 Panama City EL PANAMA AMERICA in Spanish 7 Nov 93 p 1A

[Report by Carlos Anel Cordero]

[Text] Planning and Economic Policy Minister Delia Cardenas has announced that Panama will not receive $288 million from the International Financial Institutions [IFIS] because of its failure to comply with agreements. She said despite the fact that the current budget was based on acquiring these funds, budget expenditures for the remainder of the year will not be affected.

The minister explained that surplus income secured through the iron-clad control exerted by former Comptroller General Ruben Dario Carles during his term in office will be used to compensate for the loss of the IFIS money. Cardenas said part of that money was to be used on budgeted investments and the rest on state operations.

In explaining the reason for the IFIS decision, Cardenas noted that the IFIS pointed to the increase in the state payroll and its failure to privatize the National Institute of Telecommunications [Intel] as the two most important cases of noncompliance. In light of this situation, the government will continue to promote its voluntary retirement plan, and, beginning in January 1994, it will start implementing a plan for the modernization and restructuring of Intel.

The minister admitted that the privatization plan is running behind schedule, but she stressed that it will be implemented and that it has not failed. Evidence of this, she explained, is the fact that the Citricos de Chiriqui and Bayano Cement companies will be privatized within the next few days.

Concerning the burgeoning state payroll, she attributed this to special laws that grant salary increases to "some groups."

Representatives of the World Bank and the International Monetary Fund will meet at the end of the year to decide whether or not to maintain the current loan program for our country.

The minister said that some time around the middle of this month, a commissson of the Public Works and Planning and Economic Policy Ministries will conclude negotiations with the IFIS for a $60 million loan to repair and maintain Panamanian roads.

Argentina

Economy Minister Returns From Trip to PRC, Hong Kong

PY0911002893 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2317 GMT 8 Nov 93

[Excerpt] Buenos Aires, 8 Nov (NA)—Economy Minister Domingo Cavallo today held a meeting with all the members of his economic team and they discussed several pending topics that had been put on hold until the minister's return from his 10-day trip to Asia.

Cavallo arrived at Ezeiza International Airport at noon with his wife, who accompanied him on his visit to the PRC, Hong Kong, and the Philippines, where members of the government and businessmen promoted the sale of Argentine products to that region of the world.

On arriving, Cavallo went directly to his office and at approximately 1530 he presided over a meeting of his secretaries in the Economy Ministry's Picture Room. [passage omitted]

Commentator Views Economic Plan, Privatizations

PY0811160593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1645 GMT 8 Nov 93

[Special report by Daniel Casal]

[Text] Buenos Aires, 6 Nov (NA)—The Argentine economy currently shifts between the light and shade of a projected growth rate of 7 percent of the GDP for this year and the maintenance of a low inflation rate with a growing trade balance deficit and a freefall of prices on the Stock Exchange.

The 0.6 percent inflation rate for October was slightly higher than the initial estimate but it augurs a one digit inflation rate for this year, something Argentina had almost forgotten.

Services continue to be the Achilles heel of inflation. Service prices do not drop because they do not have any outside competition and because of some internal corporate management maneuvers.

Last week's key issue was the 2-percent increase in rents, a field which is difficult to control.

Agreements with real estate enterprises and the high cost of moving house for tenants have contributed to the 152-percent rise in rents since the Convertibility Plan was implemented, compared to the 52.8-percent increase in the consumer price index.

Prospects for increasing the GDP [gross domestic product] this year would result in an average 8-percent increase for the past three years, which would put the country in the third place in the world, following China with 11 percent and Thailand with 10 percent.

However, statistics show that the situation varies according to the item. According to statistics of the Latin American Economic Research Foundation (FIEL), some industrial sectors are experiencing strong expansion—like automobiles, cement, oil, household appliances, electric equipment—while others that have experienced a marked drop—like textiles, clothing, chemicals, petrochemicals, paper, wood, and furniture.

As an example, Former UIA [Argentine Industrial Union] Secretary General Manuel Herrera has said that the petrochemical industry lost between $250 and $300 million and dismissed 40 percent of its workers since the Convertibility Plan was implemented.

The complaint of the most affected sectors is that they were not granted an importation quota, nor safeguards from Brazil, nor credits to export.

This is a problem of opening or of protectionism. The latter is awakening angry warnings about the "prices effect" of protectionism.

Orthodox economists believe a stability policy based on fiscal balance and monetary control demands increased productivity that is only feasible through the entry of capital goods that will facilitate the industrial conversion.

However, to close this scheme it is necessary to promote internal investment and to increase exports that will balance the trade balance surplus.

These necessary capital goods, as well as consumer goods were a high component of the 31.5-percent increase of the trade balance deficit during the first eight months of this year compared to the same period last year.

The deficit and a lack of savings make the country more vulnerable regarding its dependency on foreign capital.

The inconsistency of foreign capital is reflected in the Stock Exchange, although in this case especially financial capital and shares started to drop as soon as long-term interest rates increased in the United States.

These unstable resources sought better horizons also in view of the uncertainty in the Argentine market when the government called the plebiscite.

Most operators warned that this new electoral alternative did not convince the financial market, and the constitutional reform is not welcome either.

Economy Minister Domingo Cavallo was far from the front line of discussions regarding the plebiscite and reform. He had gone to the Far East with a group of businessmen to promote Argentine exports to that region.

Upon his return he must make important decisions regarding railroad service, oil and energy, and other issues.

Regarding the railroad, he must decide on the transfer of the Urquiza line, together with the subways, to the consortium headed by Benito Roggio, whose presence in the privatization process is a must.

He will also have to decide on the San Martin and Belgrano Norte lines, whose transference seem destined to fail again.

Oil will be a key factor in the decision to go ahead or not in the privatization of six oil fields in the South Atlantic, which are included in the Argentine plan. [sentence as published]

Minister Cavallo will also address 500 businessmen at the Stock Market on Friday, 12, on the sale of 30 percent of state shares in the Central Puerto electricity plant.

UCR Leadership Establishes Position for Agreement

PY0811205293 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1541 GMT 8 Nov 93

[Text] Buenos Aires, 8 Nov (NA)—Raul Alfonsin and Mario Losada today ratified, using only their signatures and their "personal" commitment, admitting only the resolutions adopted by the organic bodies of the Radical Civic Union regarding eventual agreements or resolutions linked to institutional aspects of the country.

This decision was conveyed to the public through a brief one-paragraph communique without letterhead or party, professional, or legislative seal. The UCR National Committee's administrative representatives confirmed the document's validity to this agency.

The communique says:

"No UCR leader can individually agree or resolve institutional aspects of the country, therefore we ratify our personal commitment that any outcome of the decisions and definitions of the UCR will only be considered and decided through their organic bodies. Their obedience has been and will continue to be the reason for our historic existence."

The brief declaration was signed by Alfonsin and Losada, who did not include his position as UCR president.

Survey Reveals Majority Support for Constitutional Reform

PY0811142093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1936 GMT 6 Nov 93

[Text] Buenos Aires, 6 Nov (NA)—According to surveys conducted in the capital, in Greater Buenos Aires, and in the most important cities around the country, nearly 70 percent of registered voters will participate in the plebiscite on 21 November and the yes-vote will obtain a large majority.

The surveys show that most people will approve the reelection amendment and other important points such as reducing presidential and senatorial terms, directly electing mayors, and the possibility of electing a non-Catholic president.

These conclusions were reached by surveys conducted by Graciela Romer, Hugo Haime, and Manuel Mora y Araujo. Their surveys show that seven out of every 10 registered voters will actually vote, although analysts estimate that this figure may drop by 7 or 8 percent on the day of the plebiscite.

The yes-vote clearly won in all surveyed districts, that is, the Federal Capital, Greater Buenos Aires, Rosario, Cordoba, Tucuman, Mendoza, and Rio Negro.

Even in Cordoba, where the Justicialist Party lost the 3 October election, the rate of support surpassed 60 percent. The surveys show that reformists have a smaller margin in the capital.

Haime thinks the yes-vote is riding a wave of "strong momentum produced by support for the president in the last election and the fact that Carlos Menem and the economic plan are enjoy peak support at this moment."

The analyst said: "We must add to this the fact that in the eyes of the public the opposition is in total disarray."

Romer says there are two groups supporting a reform: "A very important group supports reforms because it identifies it with the president's reelection and his government; the second group, which must not be underestimated, supports change and modernization."

Within the same context, Mora y Araujo highlights the voters support for a shorter term for president and senators, and the direct election of the mayor of Buenos Aires.

Regarding the percentage of people who said they will not vote Haime said: "They cannot be counted as being against a reform," adding that if the forecast results are confirmed, the yes-vote will obtain 2 million votes more than that obtained by the Justicialist Party on 3 October.

"This will create a very important psychological impact," Haime said, adding that "at least the politicians will have to sit and discuss it."

* National Oil Policy, Privatization, Deregulation Seen

* Low Crude Reserves Reported

94SM0060A Buenos Aires CLARIN in Spanish 27 Sep 93 pp 18-19

[Article by Jorge Edgardo Lapena, former Energy secretary and former president of Government Oil Deposits (YPF), currently president of the General Mosconi Argentine Energy Institute; first paragraph is CLARIN introduction]

[Text] Based on estimates below, the world average of 22 years, a number of experts now maintain that Argentina's oil reserves will be exhausted in less than a decade. Their figures would pose a challenge to any possibility of continued self-sufficiency in energy, without even mentioning exports. Others make the opposite claim, however, denying any cause for concern inasmuch as over the past two years, reserves have increased more than the volume extracted.

Without question, the low level of liquid hydrocarbon reserves is the weaker side of the Argentine energy equation, particularly if we truly want our country go on being self-sufficient in oil and, even more so, if we want the current export surplus ($1 billion in 1993) to continue.

According to the most recent figures, our country has some 322 million cubic meters of proven oil reserves, an extremely low level when compared with the annual crude oil needs of a country such as Argentina and particularly when these needs are projected in medium-range terms (5 to 10 years), an exercise in which the government has systematically refused to engage.

The weakness is clearly shown by the following figures:

1—Argentina's oil reserves comprise a scant .2 percent of world crude oil reserves and only 1.6 percent of Latin America's total, which shows how marginal our country is in the international oil picture, a fact generally avoided!

2—The ratio between total crude oil reserves (322 million cubic meters) and annual production (roughly 34 million in 1993) gives a quantitative idea of the scarcity. Such a ratio would mean that reserves will be exhausted in 9.5 years, a figure far below the world average, which is around 22 years. Above all, it is even lower when compared with the high figures (50 or more years of reserves) of the major oil-exporting countries.

3—In the past 15 years, no major oil deposit has been discovered (although gas has been found), with the exception of the YPF's finds in the Neuquin Basin and discoveries made by the private sector within the framework of the now defunct Houston Plan.

The situation is all the more critical when one considers that not all the previously mentioned reserves can be put into production rapidly. Many of them contain condensed liquid hydrocarbons whose development goes hand-in-hand with the production of natural gas. Consequently, their development depends more on the actual development of the gas market than it does on any decision by producers.

* Oil, Natural Gas Analyzed

94SM0060B Buenos Aires CLARIN in Spanish 27 Sep 93 pp 18-19

[Article by Oscar A. Vicente, vice president of Perez Companc Company]

[Text] The deregulation of the oil industry, which began when Carlos Menem took office, has set off unprecedented activity in the sector.

Hydrocarbon production in Argentina is the highest in history, going from 75,899 cubic meters a day at the beginning of 1991 to 95,974 in July of this year. The upward trend continues, limited only by the insufficient capacity of the crude oil transportation and piping systems in the Neuquin Basin, which have been greatly overloaded. As a result, the YPF and Chile's ENAP [National Petroleum Enterprise] have embarked upon a binational effort to lay the new Trans-Andean oil pipeline designed to carry 15,000 cubic meters a day. Before it even begins operations, scheduled for the first quarter of 1994, its expansion has already been announced because the basin's production prospects exceed original hopes. A similar phenomenon is occurring in the San Jorge Gulf Basin and, to a lesser extent, the remaining basins, particularly in the northwestern and southern regions, where the only obstacle to increased production is the recurrent saturation of branch gas pipelines.

This spectacular growth in production is a direct result of the adjudication to the private sector of marginal and central areas covered by partnership contracts which allow a diversification of investments and a larger number of technical teams involved in reopening wells, development, and exploration. In addition, the new momentum imposed on the YPF and its concentration on objectives having higher priority have resulted in increased effectiveness of productive investments.

The situation is different in the case of natural gas, over which the YPF has too much of a production monopoly. It is a situation that will probably tend to balance out in the near future, and independent producers are already indicating marked interest in developing and exploring pockets of gas, mainly in the Neuquin Basin, which had previously been considered a nuisance and ruled out as unprofitable. Despite this fact, the Argentine market is reflecting a new effect: Transport companies (TGS and TGN) are picking up concrete signs of increased demand from distributors and big consumers, which in turn has stimulated producers' interest in mobilizing to meet it.

Deregulation has resulted in an obvious intensification of activity by a "lighter" YPF and a large number of producers anxious to reap the profits paid by zones up for bid. Development has also begun at major deposits such as El Trapial in the Huantraico area of the Argentine Oil Company's San Jorge CFI [Federal Investment Council], El Porton/Buta Ranquil belonging to Mexpetrol-YPF, the YPF's Chihuido de la Sierra Negra and Lomitas, all in the Neuquin Basin, Las Mesetas, Los Perales, and Cerro Bayo, also belonging to the YPF in Santa Cruz Norte (San Jorge Gulf). This activity has generated a significant volume of geological and geophysical information that has improved in quantity and quality because of the use of more modern technologies. The information has provided greater knowledge of deposits and led to the incorporation of new reserves.

The figures on oil reserves (320.7 million cubic meters) and natural gas (540.429.5 billion cubic meters) on 31 December 1992 recently released by the Office of Secretary of Energy reveal an increase of 28.5 percent and a drop of 6.7 percent respectively compared with those same figures at the close of 1990. The comparison was made after an adjustment resulting from an audit done by the consulting firm of Gaffney and Cline.

While the increase in reserves is indeed worthy of note, it does not compare with the contribution that could result from the discovery of large deposits by exploration. This is so because the production areas that are the most obvious and easiest to find have for the most part already been located. Still to be discovered are smaller deposits in traditional basins or potentially larger deposits in high risk areas or zones that are very costly and difficult to explore.

Without question, the best prospects lie in areas reserved by the YPF since exploratory activity began under the Houston Plan. Conversion of that plan into the current Argentine Plan resulted in continuity and stability, as well as greater attractiveness because of the free availability of the hydrocarbons. However, the areas in question involve greater risk and prospects are less promising..

I believe that exploratory activity should be encouraged somehow because it is a matter that has been left pending and that has not yet been resolved with the same effectiveness as that demonstrated in other aspects of the energy sector's deregulation process.

* Reasonable Growth Expected

94SM0060C Buenos Aires CLARIN in Spanish 27 Sep 93 p 19

[Article by Octavio Frigerio, former president of the Government Oil Deposits (YPF) and currently the Justicialist Party (PJ) deputy from Buenos Aires Province]

[Text] It is a well-known fact that for the past two years (1991-1992), Argentina's proven hydrocarbon reserves have increased at a faster rate than has the volume extracted during that same period, mainly as a result of the registration of oil deposits.

In December of last year, crude oil reserves totaled 320 million cubic meters. Given an ambitious rate of production such as the one we are now maintaining—over 30 million a year—such reserves can supply the domestic market for 10 years and still leave large volumes for export. Gas reserves remain steady at some 540 billion cubic meters, giving us an even longer supply.

Such figures contradict arguments about the destruction of oil prospects by the privatization of hydrocarbon deposits effectively resulting from the sale of the YPF.

Nevertheless, predictions that private production will be detrimental to the nation's oil future continue. Such predictions are based on the claim that business's sole concern is the immediate realization of profits, meaning the postponement of any exploratory activity.

Maximizing profits is indeed the prime rule of business practice, which is not reprehensible; on the contrary! It is the very raison d'etre of business. Anyone who neglects profits mortgages his own future, which is precisely why private production companies will not neglect exploration. Any new basins and deposits discovered comprise the future of medium-range rather than immediate profits.

Nevertheless, the new system of production means that we Argentines must become accustomed to using the same line of reasoning to judge the results of the oil policy. In the days of government-owned companies, the notion of costs did not enter into decisions. The goal was not a better economic equation, either for the state-owned company or the country, but rather, "physical" successes, even if they later turned out to be very bad business.

The use of investments for exploration was exclusively measured in terms of budget possibilities, without calculating the economic and financial effects of projects. This in turn led to spendthrift attitudes toward exploration in times of budget bonanzas and niggardly downsizing strategies in the other extreme.

Such practices, which were unrelated to economic reality, invariably turned into cost overruns for production that sooner or later had to be borne by the entire community. The "hoarding" of reserves required current investments which, since they paid off in very long-range terms, meant obvious financial losses. Furthermore, the decline in explorations in the opposite case implied an equally costly effort when the critical limit became imminent.

Now that operations have been rationalized, one cannot hope for any sudden growth in proven reserves—barring an unexpected "megafind"—but there will be no collapse in volume on the horizon either. The multiplicity of partners in this production process and this setting will, geology permitting, generate successive discoveries that will maintain the overall level of economically profitable reserves.

In such a context, the government's role does not disappear. Cost equations that encourage or discourage exploration recognize varied fiscal effects that can be tempered or altered in order to generate fewer or more initiatives. One cannot eliminate the mininng risk inherent in oil activity, but the assumption of such risks can be either facilitated or blocked.

A reasonable production outlook extending beyond 10 years does not currently require any economic policy intervention in order to increase reserves. Society has even less of a need to get involved ahead of time in the cost of discoveries that will naturally be made as known reserves are exhausted.

*** Ramifications, Significance of PJ Victory Analyzed**

*** Party Loyalty Discussed**

94SM0059A Buenos Aires CLARIN in Spanish 6 Oct 93 p 20

[Article by Enrique Zuleta Puceiro, president of Sofres-Ibope [Brazilian Public Opinion and Statistics Institute]

[Text] The three pollsters we consulted agree that this Sunday's election reflected clear-cut backing for the economic model and uncommon support for an administration that has managed to overcome at the ballot box what is known as the "crisis of year four." But one of them cautions that the numbers are not decisive enough to risk a plebiscite on reforming the constitution. Another calls attention to how independent voters behaved. And a third describes a scenario in which two major political forces are finally converging.

When analyzed with some degree of care, the results of the sixth general election of the transition lend unexpected meaning to the president's assertion that "victory does not grant rights." When viewed from the perspective of the ruling party's almost inevitable smugness, they can be seen as a massive endorsement of its economic course. In contrast, seen from the perspective of the evolution of our party system, they raise underlying questions the responses to which are far from obvious.

By and large, the returns followed the 1991 pattern. The 42.3 percent nationwide for the Justicialist Party (PJ) is an improvement on its 40.4 percent in 1991 and is comparable to its 42.7 percent in 1987, which was the starting point for the uptrend that led to the 44.8 percent in the 1989 presidential election. The 30 percent of the Radical Civic Union (UCR) is an improvement over its 29.1 percent in 1991, although far below the 37.2 percent in 1987. Moreover, the vote for the two major national parties reached 72.3 percent, somewhat more than the 69.5 percent in 1991. In 1983 the PJ and UCR combined for 85.8 percent of the vote, in 1985 for 77.8 percent, and in 1987 for 78.7 percent. A bit less than three-fourths of Argentines (far below the level required to talk about a two-party system in the strict sense of the term) vote for one or the other party, no matter what kind of election is involved.

Continuity is not what is important, however. There has been a break with tradition in the Federal Capital; in fact, a new trend may even be emerging as the new varieties of Peronism move into areas that until recently were reserved exclusively for the UCR, while the UCR moves into Peronist strongholds that have been virtually unassailable since 1946. Although it is true that the UCR is losing votes in the capital or Cordoba, it is also true that it has maintained its support in Catamarca, Jujuy, Entre Rios, and San Luis and is up significantly in Buenos Aires, Santiago del Estero, La Pampa, Santa Cruz, Chaco, Neuquen, Formosa, La Rioja, Mendoza, Rio Negro, Tucuman, Tierra del Fuego, San Juan, and Chubut. From this perspective, the UCR is improving both quantitatively and qualitatively, establishing its influence and presence in provinces in which it was practically obliterated in 1991.

The resulting map consolidates the image of a party system that represents a more balanced, stable country. It is a scenario in which two major political forces whose makeup is heterogeneous and contradictory are converging on the same basically moderate, centrist electorate. The final outcome is far from a two-party system. It more accurately reflects a situation that could be described in the words of Giovanni Sartori, "moderate pluralism," and that is also marked by the gradual emergence of two political groups located on the right and left of the ideological spectrum and seeking to represent voters voicing convictions and social protest. Concurrently, the comeback of the provincial parties is growing stronger now that they have been freed from the disruptive influence of the Democratic Center Union's centralism and are open to the logic of alliances that will prevail in 1995.

The convergence that I have mentioned tends to blur traditional identities and profiles and creates a scenario in which electoral contests become strongly personalized, with two foreseeable outcomes. First, the smaller the ideological and policy gap between Radicals and Peronists, the greater the mobility between parties. Switching votes between the Radical and Peronist parties has ceased to represent a sort of apostasy and has become the sort of behavior that society almost expects from an independent, informed citizen. Between 10 and 15 percent of Argentines wavered between voting for the PJ and UCR, ruling out third parties. Second, the centripetal shift of the two major historic parties tends to free up areas at either end of the political spectrum. The Grand Front and MODIN [Movement for Dignity and Independence] represent in the capital and Buenos Aires the emergence of ideology-based forces that could well spread beyond major urban districts in the future. Thus, a system of parties that is less polarized and more transparent tends to better reflect a situation in which more than 60 percent of citizens say that they are politically independent of any partisan commitment. This is a major challenge for leaders who are seeking almost desperately to adapt to the accelerated pace of a society that is far from willing to continue peering into the future through a distorting rearview mirror.

*** Independence in Voting Trends**

94SM0059B Buenos Aires CLARIN in Spanish 6 Oct 93 p 21

[Article by Heriberto Muraro, head of Telesurvey, Marketing, and Public Opinion]

[Text] Overall assessments of the recent election will no doubt agree that given how long Menem has been president, given the substantially unstable nature of Argentine politics since 1930, and given the costs

inherent in any economic austerity plan, the election was a triumph for the ruling party. Like it or not, it has been many years since an administration was endorsed by the bulk of the electorate in its fourth year the way the current one was two days ago.

Within this overall picture, which few will argue with, it is, of course, possible to find nuances that warrant closer analysis. For example, the high percentage of votes for the PJ in the Province of Buenos Aires and the parallel failure of the charges against Pierri; the reelection of Angeloz in Cordoba; the unexpected return of Escobar in San Juan; the erosion of the "Bussi faction" and the reappearance of the UCR in Tucuman; the gains by Rico and the nationwide decline of the UCD [Democratic Center Union]; the fine performance by "Chacho" Alvarez; the failure of the ruling party in Catamarca; the unexpected defeat of the UCR in the Federal Capital just a few months after a successful senatorial election, and a great many more like these. Nevertheless, in my judgment these specific developments should be put aside for the moment until we have more information about them and enough time to reflect.

Above and beyond these issues, I would like to call attention to a phenomenon that may go unnoticed among nonprofessional observers of the political scene. Around last July or August, many political leaders in the two major parties were attaching crucial importance to the election on Sunday 3 October, not so much in and of itself, but rather as a guide to what might happen in the 1995 presidential election. In fact, both the Peronists (with their insistence on reforming the National Constitution and reelecting Menem) and the UCR (with their opposition to the reform and their criticisms of the president's style of leadership) "nationalized" the campaign to the extreme of portraying it as a sort of referendum on the ruling party's track record. Moreover, at times they gave the impression that the election ought to be regarded as a sort of "test market" for the future presidential election, the results of which would presumably determine, once and for all, the balance of power between the two parties over the next couple of years.

Now then, if this line of argument by the PJ and UCR had been successful, the degree of voter polarization (which we normally calculate as the total combined vote of the PJ and UCR) should have been as great as in the last two presidential elections: 83 percent in October 1983 and 85 percent in May 1989. However, the provisional returns from the recent elections "show" that voter polarization was more or less what one would expect in an election for national congressmen. According to the information published by CLARIN, the combined vote for the PJ and UCR was around 73 percent in Sunday's election, barely more than in 1991 (72 percent) and far below similar elections during the Alfonsin administration.

These numbers clearly show the independence of mind of Argentine voters, that is to say, their ability to make decisions independently of the major choices that the PJ and UCR offer as "those of the moment" and their ability to make their own local or personal choices within or alongside the agendas of the competitive two-party system that we have had since the end of the military regime. They also indicate that those who expected the election to be an all-out endorsement or rejection of the Menem administration (the fact that it was a victory for the ruling party notwithstanding) did not see their expectations fulfilled and will have to continue performing on the political scene as they had been before Sunday.

* Plebiscite: Challenge for Menem

94SM0059C Buenos Aires CLARIN in Spanish 6 Oct 93 p 21

[Article by Rosendo Fraga, director of the Studies Center for the Union of the New Majority]

[Text] On 3 October the Justicialist Party won a clear-cut plurality victory by about 12 points over the main opposition party.

From a historical perspective this is a major triumph because for almost a half-century Argentine political leaders had been unable to survive the "crisis of year four," whether because of breakdowns in our institutions due to a military coup (as happened to Peron, Illia, and Isabel) or owing to electoral defeats (such as Frondizi and Alfonsin suffered).

Comparatively speaking, winning with 42 percent of the vote is a smashing victory at the polls.

The returns clearly reaffirm Carlos Menem as the leader of the ruling party. At the same time, they put him in a position to make full use of his power during the last third of his six-year term, which is the most difficult, and lastly they imply an endorsement of the prevailing economic model.

In Congress the PJ has won 10 more seats, thus strengthening its position as the leading party, but without achieving an absolute majority. The partial elections in 14 provincial legislatures, plus the election of national deputies, suggest that the ruling party will control two-thirds of the upper house in the 1995-1998 term, since the 16 senators up for election in 1995 will be chosen by the provincial legislatures that take office on 10 December 1993.

From the standpoint of the opposition, it is clear that as far as the presidential election of late 1994 or early 1995 is concerned, the Argentine political system will remain a two-party one and that the battle at the polls will once again be between Peronists and Radicals. This is not insignificant, inasmuch as the UCR, which won 50 percent of the vote for national deputies in 1983, declined steadily over five elections to 29 percent in 1991, but reversed the trend this time and did about two percent better.

But the key question is whether the election victory is big enough for Carlos Menem to reform the National Constitution and get reelected in 1995.

First of all, the Executive Branch's initial attitude toward the plebiscite seems cautious. A plebiscite polarizes the electorate into two large antagonistic blocs and therefore heightens political tensions. Moreover, it once again puts voters in the polling booth just a few weeks after elections for national deputies. Even after a 43 percent victory, it gives the opposition, which at the moment is scattered, a chance to coalesce. Even a win in the plebiscite does not mean that Menem will achieve a reform and reelection. Lastly, calling a plebiscite means interrupting any negotiations with the opposition, not only on constitutional reform but also on issues of governance.

The biggest challenge facing the Menem administration today is to realize that a clear-cut victory as a plurality party does not mean an absolute majority. Promoting consensus and accord as forms of political action, while restoring respect for institutional methods, is not just advisable; it is necessary.

Bolivia

Official Comments on U.S. Drug Policy, Increased Violence

PY0811211593 La Paz LA RAZON in Spanish 30 Oct 93 p A2

[Text] Social Defense Under Secretary Enrique Soria admitted that the U.S. decision to enhance drug-trafficking interdiction policies involves a risk of increased violence. Nevertheless, he noted that the government will responsibly bear this risk and avoid it by implementing appropriate policies.

Soria admitted that the increasingly more frequent presence of drug traffickers in the areas producing the raw material to process cocaine, especially in the Chapare District, has prompted an increase in violence. He noted that foreign cooperation will be used to prevent the violence by promoting alternative development.

Without elaborating on the type of actions to be carried out, Soria said: "It is necessary to keep peasants away from illegal activities and offer them other alternatives. The enhancement of interdiction does not merely involve a police effort but a development effort as well, even though there is always a risk of increased violence. Nevertheless, the government will responsibly bear this risk and avoid it by implementing appropriate policies."

Soria also noted that Bolivia is a sovereign country that has its own antidrug strategy and policy. Nevertheless, he expressed his satisfaction with the U.S. program's cooperation with those countries that are determined to struggle against drug trafficking.

Drug Traffickers in Chapare

Under Secretary Soria also expressed the government's concern over the increasing presence of drug traffickers in the Chapare District who reportedly are training local residents to resist the legal coca market controls and prevent Special Antinarcotics Force (FELCN) actions.

Soria noted that his remarks are supported by the outcome of an operation on 29 October when FELCN forces captured 10 people carrying 302 kg of cocaine sulphate.

The detainees, most of whom are local peasants, are: Alfredo Gutierrez Saavedra, Oscar Ayala Garcia, Joaquin Lara Soria, Octavio Diaz Cali, David Choque Pedraza, Angel Fernandez Pedraza, Alfredo Garcia Marza, Trifon Cussi Colque, Eufronio Diaz Soria, and Timoteo Choque Mamani.

They are all being held at the FELCN barracks in Chimore, where they testified before FELCN assistant prosecutors. After preliminary proceedings are completed, they will be sent to the appropriate courts for indictment.

During the aforementioned operation, carried out in the settlement of Limoncitos, near the town of Somosabeti 82 km from Chimore, a .45-caliber PAM [expansion unknown] submachine gun also was seized.

Attacks Against FELCN

Under Secretary Soria later expressed the government's concern over the events reported in the last few days in the towns of Villa 14 de Setiembre and Eteramazama, where FELCN forces were attacked by peasants who were manipulated by drug traffickers.

According to an official report, these violent actions were carried out simultaneously with a meeting between coca producers' leaders and Cochabamba Department Prefect Eduardo Perez Beltran.

The social defense under secretary said: "It is regrettable for groups of drug traffickers to train peasants, supply economic resources for them to carry out illegal activities, and even supply alcoholic beverages for them to confront FELCN forces."

Government Not To 'Militarize' Antidrug Fight

PY0911020193 Santa Cruz EL MUNDO in Spanish 1 Nov 93 p 2

[Text] La Paz (ANF)—Government Minister German Quiroga Gomez explained that President Gonzalo Sanchez de Lozada's government program does not contemplate the Armed Forces' direct participation in the fight against drugs.

Thus he ruled out the possibility that the current government will "militarize" the fight against drug trafficking, because Bolivia has an efficient operational institution that includes a majority of National Police

experts: The FELCN-UMOPAR [Special Antinarcotics Force-Mobile Police Unit for Rural Areas].

Despite the minister's clarification, Air Force Commander in Chief General Jose Perez Reyes Ortiz insisted that he has 5,000 men at his disposal who have been specially trained to participate in the fight against drugs.

The fight against drug trafficking "is an obligation of all Bolivians, the Armed Forces, and especially the Air Force, which already is involved in fighting drug trafficking," he said.

Quiroga Gomez made it quite clear that the Armed Forces will only be able to intervene directly when there is evidence that the police forces have been overrun by the drug traffickers.

"At this time we do not even have an established program for the Armed Forces' involvement in the fight against drugs," Quiroga Gomez said during a interview with journalists after a meeting with the president.

He indicated that the arrival of 48 U.S. soldiers responds to a bilateral program that has been in force for more than seven years. The program consists of technical aid that "has no relation to an alleged militarization of the fight against drugs," he said.

Enrique Soria, national social defense secretary of the Government Ministry, reacted in the same way when a journalist asked him whether the recently arrived U.S. personnel had participated in the latest operations in Chapare.

"No foreign personnel, and less so from the United States, have participated directly in the operations against drug traffickers. The U.S. Armed Forces' advisers are here exclusively for training purposes," the secretary said.

Government, Coca Farmers Reach Truce To Negotiate

PY0811211193 La Paz PRESENCIA in Spanish 30 Oct 93 Section 2 p 1

[Text] Cochabamba—The government, through the department prefecture, and the tropical region's coca growers, through their leaders, agreed to a truce until a dialogue is started in an attempt to solve the problems stemming from the intervention in the primary coca markets and the compulsory eradication of coca plantations.

This information was given to PRESENCIA by the Special Federation of Peasant Workers of the Tropic [FETCTC] after a meeting between Prefect Eduardo Perez Beltran and FETCTC executive secretary Evo Morales Ayma.

Morales Ayma explained that he had the opportunity to meet Perez Beltran, who promised to see that members of the National Coca Control Directorate (DINACO) or the Special Antinarcotics Force did not interfere "because we want to negotiate; we do not want violence." The prefect's opinion was not disclosed.

When asked about Government Minister German Quiroga's comment that no incidents were registered and that 80 percent of the production is used to produce cocaine, Morales Ayma voiced his surprise over the contradictory remarks by government officials because their subordinates not only admit it "but even blame us for being the ones who attacked."

Moreover, he added that another contradiction is that the aforementioned minister stated that it is 80 percent, and only a couple of weeks ago the U.S. ambassador said 95 percent is used for illegal purposes. "This is a clear proof that they do not really know what goes on in Chapare," he said, at the same time charging that what is being sought is to justify the "militarization" of the coca-producing areas.

In fact, Morales Ayma said, the "only way to eradicate coca plantations in order to fulfill U.S. orders is to militarize the Chapare region. More U.S. soldiers, more aircraft, and more weapons have arrived and there is now an effort to conceal this."

He also disclosed that a rally of coca farmers took place in Eteramazama on 29 October, where the decision to not allow the intervention of primary markets and to prevent the eradication of coca plantations by force was ratified. "We have not been able to communicate today because the telephones to Eteramazama and Villa 14 have been cut off."

Moreover, the Human Rights Permanent Assembly (APDH), during a news conference, today disclosed documents that sought to make Evo Morales appear as if he had received a check for 10,000 bolivianos from the National Bank of Bolivia, signed by Carlos Federico Valverde Bravo, national state intelligence director, dated 20 May. APDH President Victor Alonso Gutierrez showed bank documentation that the check was never presented to be cashed.

Moreover, Gutierrez displayed other "obviously forged" pamphlets that sought to discredit the leader and create uncertainty among federation members. "The U.S. Embassy and the government seek to leave the coca farmers without a leader in order to carry out their plans to eradicate coca plantations by force."

Group leader Felipe Caceres, in turn, disclosed that the entire campaign seeks to keep the situation as it is, that is, "merely eradicate" because 22,000 hectares of plantations have been eliminated voluntarily and "in not even 2,000 hectares of former coca plantations is there any alternative development. There is no master plan; there is no comprehensive plan; there is no alternative development."

Brazil

Editorial Notes Power 'Vacuum' in Government

PY0811210693 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Nov 93 p A3

[Editorial: "In God's Hands"]

[Text] The president has reacted in his own way—badly—to the statements by Finance Minister Fernando Henrique Cardoso on the need to create a "power nucleus" to meet the challenges and, according to what we concluded in our 2 November editorial, to govern. It certainly was not the "power nucleus" expression that made Mr. Itamar Franco say that this was not his idea and it is not being studied. It was a previous remark in which Cardoso made it clear that in light of the impossibility to call for general elections, the only solution to our problems was "to govern."

This is the focal point of the current Brazilian crisis. In fact, if someone was governing the country, designing guidelines, settling disagreements between ministers—preventing those whose opinion did not prevail from publicly upholding their views and showing the lack of unity of command in the executive branch [sentence as published]. If, as we said, someone was governing the country, the power nucleus would naturally emerge. Actually, the finance minister was misinterpreted by those who imagined that he was suggesting the creation of a parallel command. He was sufficiently clear to say that President Itamar Franco should designate the members of that "nucleus," an expression that, incidentally, is habitually used to refer to those who have decision-making power. Now, decisions, especially at the government level, are subordinated to hierarchy, and the minister did respect hierarchy by saying the president should make the choice.

Beyond all doubt, the minister's expression can give rise to opposing—if not malicious—interpretations. Strictly speaking, however, there has always been a "power nucleus" within the Franco government, as was repeatedly reported. In the final analysis, wasn't the intimate circle or the "Republic of Juiz de Fora" a "power nucleus?" It might be rightly said that it was a "power nucleus" that could not balance the problems and meet the challenges, and that it was actually a "nonpower nucleus." To a considerable extent, it was a nonpower nucleus because of its provincial views of the world—views that were at the best of the nationalist type of the 1950's—and because the president's hot-tempered behavior, as of late tending to be abulic, impeded the adoption of any consistent and efficient policy. What the finance minister actually wants is for the country to have a government, something that, incidentally, the entire country is demanding.

Had he not been a prisoner of his own temper, President Itamar Franco would have now been able to impose government guidelines that might last until the end of next year. He would have been able to realize that it is exactly because of the lack of such guidelines—and of someone who can implement them—that people do not believe that the moralizing measures the Congressional Investigating Committees might adopt will restore their confidence in the institutions. For those who are intimately familiar with the Brazilian situation, it would not be difficult to conclude that one of the causes of the crisis affecting us (at least the inflation dragon is fulfilling its criminal task) is the lack of leadership. Can the president fill that vacuum, especially taking into account that he has been unable to solve the problems that one of his ministers, Mr. Alexandre Costa, has put to him before the country? Mr. Itamar Franco's political record, and the study of the way in which his hot temper has influenced the making of sometimes-crucial decisions, cast doubts on the answer to this question. Perhaps it was because he arrived at this conclusion that—in an attempt to reverse the situation—the finance minister ran the risk of being denied. This is a time for major government decisions. Not only written but executed decisions. The Revisionist Congress—that is, the Chamber of Deputies and the Senate working together to reform the Constitution—has not yet been installed despite the finance minister's reiterating the need for tax and fiscal reform, under penalty of raising taxes to balance public accounts. The Executive Branch is not known to have adopted any measure through its leaders in Congress to expedite the work. Much less is known about the measures the Executive Branch would like to see approved. This action would in no way mean an Executive Branch intervention in the reform process. It would only be the normal exercise of leadership natural for the presidency in a presidential system of government. There are no concrete steps, however, reflecting an effort to exercise such leadership. The effects of this are suffered by the country, which clearly perceives that things are in God's hands and that the opportunities history gives to recover the time that was lost will once again be wasted.

Government Leader Asserts Franco Not To Step Down

PY0811224893 Rio de Janeiro O GLOBO in Portuguese 8 Nov 93 p 2

[From the "Political Outlook" column: "To Stave Off a Coup"]

[Text] Senator Pedro Simon (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul], government leader in the Senate, will mount the rostrum tomorrow to say the following: Under no circumstances will President Itamar Franco step down—no matter how serious the crisis may be—either of his own accord or on account of pressures exerted by whomever. Senator Jarbas Passarinho (PPR-PA) [Progressive Renewal Party-Amapa], chairman of the CPI [Congress Investigating Committee] delving into the Budget Committee affair, is a man of honor who will not involve himself in any political project that violates the Constitution. The national Congress will emerge from this CPI with a

higher standing than before precisely because it intends to ostracize well-known figures from the moment they are found guilty of participating in the corruption scheme.

Simon also seeks to find a course for what is left of the PMDB and nip in the bud any extra-institutional ideas for the aftermath of the CPI, which are gaining momentum within the PFL [Liberal Front Party]. One of them is to encourage Franco's resignation and the nomination, by Congress, of Sen. Passarinho or some other person who enjoys credibility.

Politicians are not interested in ideas that propound a coup d'etat. This topic only interests corrupt people, who are going to be the target of the forthcoming and most important Congress CPI, Simon said.

Drop in Direct Investments in Brazil Noted

PY0811210293 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Nov 93 p A3

[Text] It might seem strange to hear anyone speaking about foreign investors' mistrust in Brazil when foreign capital's flow into the country during October was the highest since April 1992. There is an exceptionally high flow of foreign resources, but mostly in the form of investments in the stock market or loans, not direct and productive investments. There is, in fact, a great difference between playing in the stock market (which has positive aspects as well), loans (which receive high interest rates), and direct investments (which create jobs and introduce new technology into the country). This difference is not easy to detect. During the 1950's, Mem de Sa, coordinator of the bill on foreign capital, had to work very hard to convince his colleagues that risk capital was socially superior to capital in the form of credits.

In yesterday's edition we pointed out that the liquid balance of direct investments (excluding stock market operations) was $211 million through August while investment in stock market portfolios was $3.342 billion. During the same period in 1992, direct investments reached $1.03 billion (that climbed to $1.154 billion by the end of the year). This process seemed to indicate that foreign capital was again interested in investing in the country.

A more careful analysis of Central Bank statistics, however, is cause for concern. Not only was there a drop in direct investments, but the return on invested capital was unusually high. In fact, during the first eight month of the year investments added up to only $417 million compared to $1.109 billion during the same period last year. The monthly average was $52.1 million compared with $110 million in 1992 and $57.9 million in 1991, when foreign capital became interested in the country again.

But what is most worrying is the volume of return on invested capitals: $206 million (50 percent of total investments). The return on capital during the same period in 1992 only reached $79 million. Total returns reached $170 million in 1992, $134 million in 1991, and $230 million in 1990. Not only are foreign investors not very enthusiastic about investing in our country, but capital already invested is withdrawing and returning to its home countries.

It is worth noting that other Latin American countries show the opposite trend (partly due to privatization processes). This situation should not surprise us: Foreign capital is very sensitive to inflation, more so in countries that try to liquidate inflation through price freezes. Our Constitution discriminates against foreign capital and the national Congress is taking its time in revising the Constitution. We have not even been able to vote on the intellectual property law, and without direct foreign investments the available volume of gross capital is insufficient.

Court Releases Paraiba Governor in Attempted Murder Case

PY0911013393 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Nov 93 Section 1 p 13

[Article by Adelson Barbosa]

[Excerpt] The Court of Appeals (STJ) granted habeas corpus at 2330 on 5 November to Paraiba Governor Ronaldo Cunha Lima (PMDB [Brazilian Democratic Movement Party]), who was under arrest at the Federal Police station in Campina Grande, Paraiba, on charges of the attempted murder of former Governor Tarcisio de Miranda Burity, 55, (PFL [Liberal Front Party]). Cunha Lima left the Federal Police early in the morning for his house in Campina Grande.

Paraiba State Attorney General Luiz Bronzeado, 60, said yesterday that Cunha Lima can reassume his position as governor tomorrow if he wants to. He added that there is no legal impediment against the governor for his attempted murder of former Governor Tarcisio Burity. Bronzeado said Cunha Lima asked for 10 days leave of absence from the government "because of his traumatic condition." He added: "He wants things to cool off."

Bronzeado indicated that the Paraiba Civil Police have jurisdiction to carry out an investigation through a judicial inquiry. Bronzeado also said the government will go to court to get the Federal Police off the case. [passage omitted]

Article Notes Disadvantages of Nuclear Agreement

PY0811184493 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Nov 93 p A3

[Text] A group of German deputies, the group that is more concerned over environmental pollution and than about human problems caused by poverty and misery, is saying that the nuclear agreement signed between Bonn

and Brasilia should not be renewed. That is better for us because the agreement did not bring any benefit to Brazil. On the contrary, it only launched us into a megalomaniacal adventure that included the complete control of the uranium enrichment cycle and the purchase of eight nuclear power plants at an estimated cost of $30 billion. Fortunately only two were acquired and delivered. The work on the first plant, Angra-2, has been idle since 1988 for lack of resources in national currency, while works for the second plant (Angra-3) are still at the foundation stage. And that is where it will remain because we do not need that energy or that power plant.

We now need President Itamar Franco's decision to finish Angra-2 (which is quite advanced and for which German banks have already offered financing) and to negotiate the equipping of Angra-3, exchanging it for conventional equipment or even selling it to whoever might be interested, and then throwing a shovelful of lime on this contract which has already cost the country over $4 billion. That debt grows day by day, even when the plant is not operating. Angra-2 does not create any resources to pay for it, instead, it requires an investment of more than $300 million per year—just in maintenance...

The other part of the agreement, the scientific chapter, is an even greater failure. The Germans promised to transfer a new uranium enrichment technology known as "jet nozzle" [preceding two words in English] which was then still in the experimental stage in Germany. We invested more than $500 million in that project without receiving any technology transfer.... There was a time when we even talked about suing the German company, which made very clear in the contract that the method was still in an experimental stage.

Only our blindness, provoked by the eagerness to dominate the complete uranium enrichment cycle and other interests, can explain President Ernesto Geisel's decision to launch the country into this nuclear adventure in the midst of a financial and foreign indebtedness crisis provoked by the first oil crisis... And then, during the second oil crisis, in 1979, we buried ourselves even more in the project. This agreement brought us only losses. Let us finish building Angra-2—the foreign financing for which seems guaranteed—and let us put a blanket of forgetfulness over the rest, unless the present CPI [Congressional Investigating Committee] reveals more details of this harmful project, which has cost the country a lot of money. It cost a lot from the moment the agreement was signed, because we gave everybody the impression that the country was embarking in the adventure of building the bomb.

Chile

Foreign Ministry Sanctions Officials on Berrios Case

PY0811133893 Santiago EL MERCURIO in Spanish 26 Oct 93 p C2

[Excerpts] The Foreign Ministry investigation has resulted in the dismissal of one official, the fining of two diplomats, and the reprimanding of a director for their involvement in the so-called "Berrios case."

This was confirmed last night to this newspaper by Foreign Minister Enrique Silva Cimma, who said that disciplinary measures were adopted because of the "serious negligence" that obstructed requests for information on missing Chilean chemist Eugenio Berrios.

Silva Cimma is in Ecuador. He talked by phone with EL MERCURIO. He said that having studied the case, the sanctions applied by Foreign Ministry Under Secretary Rodrigo Diaz Albonico have been confirmed. [passage omitted]

The sanctions are as follows: Emilio Rojas was dismissed from his post as press attache to the Chilean Embassy in Uruguay; Federico Marull, the former general consul in Montevideo and current consul in Munich was fined; Roberto Cordero, the administrative and consular directorate official was fined; and Hernan Sanchez, the administrative, consular, and immigration director was reprimanded.

The law on investigations into the public administration includes reprimands, fines, and dismissals among its disciplinary actions. [passage omitted]

If the sanctioned officials consider a decision to be unfair or that the proceedings were inappropriate, they may appeal within a specified period. [passage omitted]

Colombia

New Security Plan Aims To Protect Threatened Congressmen

PA0911025293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 8 Nov 93

[Report by Sandra Vergara; from the "National" newscast]

[Text] Authorities have estimated that at least 50 congressmen are at risk of being killed or threatened. Here is Sandra Vergara with a report on Congress security:

[Begin Vergara recording] Only 41 of 264 congressmen have some type of protection. The new security plan for congressmen aims to offer security to senators or representatives who have denounced threats against their lives. Authorities have identified at least 50 congressmen who are at risk and have immediately assigned DAS [Administrative Department of Security] agents to protect them, meaning that the state must appoint at least 1,000 DAS members to provide security for congressmen.

According to Defense Ministry sources, this new plan implies that each month an additional 375 million pesos must be allocated in security solely to pay guards' salaries, excluding weapons costs. The new security plan also calls for mobilizing policemen and troops to public

places that congressmen attend as well as to protect their political headquarters and homes. Personnel assigned for this purpose include 400 policemen and 300 soldiers. [end recording]

Congressman Comments on Dialogue With FARC Representatives

PA0911004193 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 5 Nov 93

[From the "National" newscast]

[Text] Once again efforts are being exerted to establish a dialogue with the Revolutionary Armed Forces of Colombia [FARC]. Congressman Gustavo Petro, a member of the Chamber of Representatives, has held the first talks with FARC representatives somewhere between Cundinamarca and Meta Departments.

[Begin recording] [Petro] They say that they believe in peace and want a negotiation process with the government, but this should not be considered a process for the guerrilla groups' surrender. Also, they do not accept the government's proposal for a unilateral truce; instead, they hope to achieve a bilateral truce in which a ceasefire is pledged between the Army and the guerrilla groups so that they may proceed to hold peace negotiations.

[Unidentified reporter] In your opinion, who would be willing to turn in their weapons?

[Petro] That is a position of the FARC.

[Reporter] Of all the FARC members? [end recording]

Hydroelectric Plant Pylons Topple; 10 Killed, 15 Injured

PA0911043793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 5 Nov 93

[Report by Raul Gutierrez; from the "24 Hours" newscast]

[Text] The ribbon-cutting ceremony at El Guavio Hydroelectric Plant was preceded by tragedy. Three power pylons, No. 17, 18, and 19, near Uvala Municipality toppled while the slack was being pulled up. Ten people were killed and 15 injured.

[Begin Cundinamarca Governor Manuel Infante recording] It was a job-related accident, not a criminal act. [end recording]

Work was delayed by six years; the original budget was for $800 million, but the final cost was $2.5 billion. The plant will generate 1,000 megawatts and will serve Santa Fe de Bogota but has the capacity to sell about $15-million worth of power every year to other areas, according to Manager Mauricio Cardenas.

[Begin Cardenas recording] El Guavio will allow the enterprise to project into the future. [end recording]

This hydroelectric plant has a dark past; that is why the president said he will not hesitate to punish those involved in the illegal business deals with El Guavio and added that with its energy the short-term possibility of electric power rationing is delayed.

[Begin President Cesar Gaviria recording] The energy crisis tested our capacity to resolve problems, citizens' patience, and public administration efficiency. It also showed that much has to be done in the struggle against corruption and incompetence. [end recording]

At last, after 12 years, there is light here in El Guavio, but shadows cloak the investigation into the business deals and fund mishandlings of this gigantic public work that doubled its cost.

* 'Euphoria' Over Gaviria Visit to U.S. Viewed

94SM0052A Santa Fe de Bogota EL TIEMPO in Spanish 3 Oct 93 p 10A

[Article by Leonardo Carvajal H., researcher at the Center for International Studies, Uniandes: "Is Colombia a Wonderland?"]

[Text] A sense of euphoria prevailed among the members of the national delegation and the Colombian journalists who covered President Gaviria's visit to New York early this week. The purpose of his visit was to have an "unofficial" meeting with President Bill Clinton and to speak at the 48th session of the United Nations General Assembly.

This enthusiasm should be tempered, however. First, when the president of Colombia read his speech, the hall, as Martin Carrizosa, adviser on international affairs, noted, "was packed to the rafters, (since) no one left after Clinton's speech, and that amounts to recognition that Colombia has things to say to the world."

To be sure, the president of a country like Colombia, which, according to the image some officials are trying to project, should now be considered the new Latin American "tiger," arouses considerable interest. Nevertheless, it is clear that the main reason for the large audience was, in addition to Clinton's presence, the importance of the speaker immediately following Gaviria: the new Japanese prime minister.

Second, the Colombian president's speech correctly emphasized the issues of the so-called new world agenda: trade, protectionism, and the environment. Clinton, on the other hand, stressed the "old-new" items on the global agenda that have displaced the issues mentioned by Gaviria as priorities in current U.S. foreign policy: the threat of nuclear armaments, nationalist movements in Central Europe, the contingents of U.S. soldiers deployed in areas of conflict, and fundamentalist terrorism.

Moreover, references to Latin America were conspicuous in their absence from Clinton's speech. In the

current state of affairs, the subcontinent—including Colombia and every other country but Mexico—is still relegated to the status of the United States' "backyard," a legacy of the Cold War. In just three years as a result of the current world situation and the new roles the United States is playing in the post-Cold War period, 50 percent of American aid to Latin America has been diverted to other regions (such as Russia and Eastern Europe) and other matters (such as the fight against various forms of terrorism).

Third, the fact that the U.S. President included the Colombian delegation in one of the three bilateral meetings he granted during his brief stay in New York—the other two countries were Japan and Lebanon—was hailed as a positive development.

The question that arises is, should we believe that we are as positively important to the United States as Japan, or as negatively destabilizing as Lebanon? We must bear in mind that we need to become a valid interlocutor for Washington, not a trouble spot.

Fourth, the denarcotization of the Washington-Bogota agenda was cited as a key feature of the meeting with the U.S. President. Trade issues are to occupy the most important position now, replacing the issue that permeated relations between the two countries for more than a decade. In a couple of years, Colombia may be the second-largest trading partner of the United States in Latin America. Meanwhile, in 1992 and so far in 1993, the country has had the highest growth rates in bilateral trade in the world, and the growth of Colombian imports has created approximately 45,000 jobs in the United States.

Bottom Line

Make no mistake about it: These are convincing, serious, and valid arguments and statistics. But on the same day that Gaviria and his entourage were celebrating their victory, the U.S. Government's delegates were announcing their country's withdrawal from the International Coffee Organization (ICO). This is clearly a serious development: In four years of free trade, coffee-producing countries have suffered losses estimated at $12 billion, and hundreds of thousands of jobs have disappeared. In Colombia's case, it should also be noted that the liberalization of the economy, as evidenced by the growth of imports by more than 70 percent and the growth of exports by far less than 10 percent during the first half of this year, has generated scant employment.

Fifth, Gaviria declared in his speech before the United Nations, and reiterated in his meeting with Clinton, that what Colombia needs is free trade, not aid. This disdain for potential international aid is astounding. It is true that the recession affecting the countries of the North and the exclusive concentration of their energies and resources on internal problems mean a drastic reduction in the sums allocated for development cooperation.

Yet that is not sufficient reason to turn down opportunities for the country to obtain financial and technical assistance in areas where Colombia has significant "comparative advantages" as a recipient of international cooperation (in matters related to the environment, for example).

There is not a great deal of difference between Betancur's poetic speech at the United Nations and Gaviria's pragmatic one. Both overemphasized the key role the country can play on the world scene—Betancur with rhetoric, Gaviria with free trade—but both suffered from an excess of optimistic speculation.

The overblown euphoria of the Colombian delegation comes as no surprise. Colombia abounds in overconfidence, grandiloquence, and hasty conclusions: "Colombia, the first country to join NAFTA"; "Colombia, the country of greatest strategic importance for regional hegemonic power"; "Colombia, the champion of democracy in Latin America"; "Colombia, the country that has made such great strides in reducing all forms of violence" (although it was reported in recent days that during an eight-month period, 6,000 people were killed in violent incidents in Bogota, 5,000 more than the number of casualties in the clashes between the Army and the guerrillas).

This is not pessimism, but the aforementioned statements amount to wishful thinking. Let us be realistic: Neoliberalism has not yet rescued the Third World. Looking up into the heavens should not mean taking our feet off the ground. Prudence, creativity, and effort are essential for improving and strengthening Colombian-American ties.

Peru

Fujimori Announces 'Final Battle' Against Shining Path

PY0811181493 Lima EXPRESO in Spanish 26 Oct 93 p A4

[Article by Cesar Luis Infanzon]

[Excerpts] Ucayali--The decisive battle against the last traces of the Shining Path [SL] movement in the Central Jungle Region will be waged in the Ucayali zone according to President Alberto Fujimori who made this announcement today here upon dedicating the Atalaya Province airport. This province is regarded as a strategic political-military region where terrorism still tries to control the 107 indigenous communities that live in the area.

During a special ceremony, the chief of state dedicated the practical and modern airport that will now cater for the transportation of passengers and cargo in Fokker F-25, Antonov, and Hercules aircraft, a service for which the local inhabitants have aspired for many years.

In his speech, Fujimori said that Atalaya, together with the Mazamari, Satipo, and Pucallpa zones comprise the so-called "multiple pincer" against the Maoist group, a strategy that will be accompanied by a military reinforcement and social support from the oppressed sectors.

Fujimori asserted that the eradication of the SL in one of the most distant areas of the country will be a fact within one year, as of today and no longer in 1995. [passage omitted]

Fujimori said that the construction of the airport will allow the population, mainly Ashaninkas, Machiguengas, and Phiros indigenous communities, will have the opportunity to enjoy their right to a worthy life of which they have been deprived for so long.

Commenting on the SL's delinquency, Fujimori said that behind this violence there is a badly used ideology, as a result of the exploitation and poverty of the oppressed sectors. He added: "By attacking poverty we will eradicate terrorism."

He said that once terrorism has been defeated, drug trafficking is the other target his government will attack.

Fujimori arrived in this province at 1000 aboard an Antonov aircraft accompanied by a special retinue which included Agriculture Minister Absalon Vasquez Villanueva; Transportation Minister Dante Cordoba; Interior Minister General Juan Brines Davila; and General Nicolas de Bari Hermoza Rios, the president of the Armed Forces Joint Command; and the commanders of the three branches.

U.S. charge d'Affairs Charles Brayshaw and German Ambassador Franz Frei Herr Von Mentizenger, and Netherlands Ambassador Jaap Walkisre, among others, were present. [passage omitted]

During an "aquatic news conference" [granted while he swam in the river] Fujimori said he had received a third letter from SL leader Abimael Guzman, but that he had decided not to disclose its contents.

Fujimori said that he would only disclose the contents of a Guzman letter that appeals to his followers to give up their weapons and cease the attacks.

As for MRTA [Tupac Amaru Revolutionary Movement] leader Victor Polay Campos, Fujimori said he was in no rush to receive his letters "if there ever are any," noting that "Agent 003 [not further identified] has precise instructions to act."

Regarding drug trafficking, he said his government has tackled this problem within the domestic policy. He noted, however, that the problem not only involves producers but also consumers.

He noted that coca plantations require a good alternative in Atalaya. [passage omitted]

'Advantageous' Agreement Signed With Paris Club

PY0811171193 Lima LA REPUBLICA in Spanish 28 Oct 93 p 11

[Text] A Peruvian Government spokesman today disclosed that Peru has obtained considerable relief in the payment of its foreign debt with the Paris Club through "advantageous" agreements with Belgium, Spain, France, Great Britain, Norway, and Sweden.

The spokesman said that the agreements were approved during the second and third week of October in Europe by the members of the Peruvian Debt Committee and representatives of the aforementioned governments. He also said that they ratify the terms of the agreement signed last May with the Paris Club.

According to the agreements signed in May, Peru will make a single payment to the member countries of this organization in 1994 and the "bulk of the interest will be paid as of 1995."

The spokesman added that the ratification of the terms of the agreements "has consolidated a relief that entails postponing payments until 1995." This is possible thanks to the "disciplined fulfillment of the economic program since 1990."

He added that Paris Club member countries "have improved their conditions and are willing to reduce the volume of the debt of countries like ours which obtain good results over a continued period of three or four years."

The spokesman added that the agreement with the United Kingdom "was reached before the mission travelled in view of the good results of the Peruvian fiscal policy."

The government official, who did not mention the figures of the renegotiated debt, said that "in the case of France we negotiated with the Treasury, the Bank of the Republic, the Credit National Bank and the Cofase [expansion unknown] corporation, and in Spain's case with the Official Credit Institute [Instituto de Credito Oficial] (ICO)."

The Peruvian debt with the Paris Club member countries totals more than $7 billion.

Editorial Views Government's Terrorism Strategy

PY0811205693 Lima EXPRESO in Spanish 26 Oct 93 p A2

[Editorial: "Chimera or Reality?"]

[Text] It seems that the government is no longer negotiating a call to Shining Path leaders to surrender, which would be formulated by a conclave of its imprisoned leaders, but a third letter by Abimael Guzman, the effect of which was put in doubt by the 21 October car bomb.

This much can be construed from President Alberto Fujimori's televised interview, and particularly from his dialogue with Guido Lombardi at Panamericana. If, as the president said, Guzman already was able to convince someone as intransigent and radical as Marta Huatay to change her attitude, then it is no longer a chimera: The collective Shining Path leaders' call to their followers to lay down their weapons has become a concrete and real possibility.

The political and electoral effect of such a call would obviously be overwhelming for most people, inside and outside the country. But Shining Path leaders cannot guarantee that the call will be obeyed by the people handling the dynamite and anfo [ammonium nitrate fuel oil]. Militants who have been formed by class hatred (not the struggle) will hardly stop their destructive work because a group of imprisoned leaders asks them to do so. They may simply say those leaders are been blackmailed, forced, or deprived of their capacity to freely express themselves.

This much was pointed out by President Fujimori during a news conference in New York on 1 October after his speech at the United Nations: The communists invented brainwashing and the inclination to think that Guzman and his assistants have been brainwashed must be very strong and very possible to Shining Path militants. What is being said or done by people who have been brainwashed, therefore, lacks credibility and cannot be obeyed.

This argument is as equally valid for the Guzman-Iparraguirre couple as for the group of other arrested leaders including—notoriously—Huatay and perhaps Cox Beuzeville. Nothing can ensure us that their proposal of a tacit armistice—probably well covered by television—will result in less violence. Judging by what we saw on 21 October, in might even have the opposite result...

But this does not mean that the chosen path is wrong. Each time Guzman calls for a truce his followers get confused because they elevated "President Gonzalo" to the position of an implacable and unyielding leader. Besides, his personal degradation drives away the opportunists who cooperated with the Shining Path simply because they thought some day they could win the war and defeat the Peruvian state. They believed this before but no longer think so now.

* Guzman Letters to Fujimori Greeted With Caution

* Expert Warns That Terrorism Will Continue

94SM0065A Lima LA REPUBLICA in Spanish 13 Oct 93 p 11

[Text] Father Felipe MacGregor stated on 12 October that, although the letters signed by Abimael Guzman, leader of the Shining Path guerrilla movement, are an important step, they are not the decisive action required to find peace in Peru.

The priest warned in a prudent, precise way, using no high sounding language, that in spite of the call for peace made by the Shining Path leader, "There will be a group [among the guerrillas] who will continue killing and robbing people."

He said with amazement: "It is a striking thing. Shining Path has been engaged for 13 years in distorting reality, both morally and mentally, and in preparing itself to kill."

He indicated that Guzman has made it very clear to his followers that the life of a human being is not worth a grain of sand in the universe.

Father MacGregor, who is the president of the Asociacion de Estudios e Investigacion para la Paz [Association for Peace Studies and Research], stated that Shining Path is not a monolithic group but is divided into three elements: sympathizers, militant members, and leaders.

He noted that the sympathizers—the first group—are the most numerous. They will respond only to a certain extent to the call to lay down their arms.

He declared: "In the view of those who have been won over by the myth of Shining Path the fact that their leader has called on them to lay down their arms is an enormous disappointment, and many of them are not going to pay attention to it."

He explained that the militant members split up some time ago into armed bands which do not obey what their leaders say and which seek to establish or hope to be able to reestablish the Shining Path movement.

Regarding the leaders, Father MacGregor said that they are divided.

He stated: "Some of them obey an element of what remains of the political and military command structure. This political and military structure now has true unity of command which, as I understand it, Guzman did not have prior to his capture."

Father MacGregor was speaking in the course of a radio interview. When asked whether, as he saw it, the government is using these [Guzman] letters in a political game, he answered:

"I believe that many people see this as a political game. However, in my view that is not the most important aspect, since these letters demonstrate two things very clearly: that the (Shining Path) myth is disintegrating and that he (Guzman) is not a real leader, since he has fallen from his pedestal."

He said that, as he sees the way that events are unfolding, "Whether or not these letters are being used for political purposes is secondary to the central fact.

"And that fact is that the Shining Path movement is a great myth, a myth which Guzman learned from Mariategui and the latter, in turn, from Sorel, who stated that to carry out a universal revolution, it would be necessary to destroy everything in order to build a new state."

Father MacGregor said that myths are neither truth nor falsehood but are answers to the aspirations of people or of a group of men.

He added: "In other words, they are the answer rooted in human aspirations, desires, and frustrations."

Father MacGregor said that there are many areas in Peru and many elements of society which feel frustrated. For them the Shining Path movement was a great inspiration, and "therefore, they joined it."

He declared: "However, now that myth is disappearing."

Furthermore, he indicated that the positive aspect of this approach to peace is that "it will lead to greater justice and will more closely approximate the needs of the great majority of the people."

He stated that both those in the government as well as those holding responsibilities in the public life of the country, "Must dedicate themselves to the great majority of the people in a continuing way, so that it will be like the bread which they eat every day."

He indicated that achieving peace will not be easy.

He stated: "It will be difficult because, first of all, priority will have to be given to the Andes Mountains area. We must not forget the attraction and the lure which Lima has constituted for all of the people living in the Andes Mountains."

The priest recalled the words of Gen Edgardo Mercado Jarrin, who stated that, "In reality, Peru turned its back on the Andes, and that has been part of the success of the Shining Path movement."

Father MacGregor continued: "In my view the first thing which must be done is to pay attention to agriculture. This means that, in the future, a seven-year-old boy who lives in the Andes Mountains will think of his fields, his farm, and his village."

He said that for this reason the government must arrange for the people to return to the countryside.

Secondly, he stated, local organizations should be strengthened.

He declared: "Everything which flows from the initiatives and creativity of the people must be strengthened with modern technology."

He indicated that, in this sense, educational reform is vital.

He stated: "It is not so much that, in reality, being educated is going to give us something to eat. However, education is the pathway to finding the first kind of security: culture and all that this means."

He added that after this is done, economic security will be found. Through work a person will be able to satisfy his own needs and those of his family.

* Gonzales Says That Captured Leaders 'Have Been Replaced'

94SM0065B Lima EL COMERCIO in Spanish 2 Oct 93 p A5

[Text] Spokespersons for different political and legal groups and students of the way in which the Shining Path terrorist movement has operated expressed their views on 1 October regarding the announcement which President Alberto Fujimori made at the United Nations concerning the letter which the boss of this criminal organization sent to him.

Enrique Bernales: No Claims of Victory

Enrique Bernales Ballesteros, the former spokesperson of the United Nations Human Rights Commission, called the reported desire of Abimael Guzman, the boss of the Shining Path movement, to reach a "peace agreement" an "important" development. Nevertheless, he warned that there is no reason to claim a victory in the ongoing struggle against terrorism.

While pointing out the need to consider whether Abimael Guzman Reinoso is still the president of the terrorist organization or whether this statement should be considered merely "Gonzalo's Thinking" because of the fact that he has been sentenced to life imprisonment, Bernales commented: "We should consider this statement calmly but also with hope."

He added that it is necessary to consider whether the term of life imprisonment to which Guzman Reinoso was sentenced one year ago has diminished his authority. If this is so, such a call for a "peace agreement" would have little effect among the militant members of the terrorist group.

Bernales recalled that one of the characteristics of the Shining Path organization is its hierarchical structure. As a result it is possible to assume that a collegial type of leadership has been adopted.

Aramburu Menchaca: Not a Time for Negotiations

Dr. Andres Aramburu Menchaca, former dean of the Colegio de Abogados de Lima [Lima Bar Association], commented that negotiations between the government or the Peruvian nation, on the one hand, and terrorist organizations, on the other, would not be appropriate in any way.

Aramburu was cautious about basing his position on this view. However, he said that conditions cannot be accepted from those who subvert public order and civic tranquility.

The former dean of the Bar Association commented that, apart from the announcement made by the president, further information is needed to determine more precisely the exact situation facing the terrorist phenomenon in Peru at this time.

He stated that if this information is not available, the call by Abimael Guzman for a "peace agreement" will have no effective value and, therefore, would not result in anything more than what might be expected from a decision of this nature.

Gonzales: Terrorist Morale Will Be Weakened

Raul Gonzales, a student of the terrorist phenomenon, stated: "Abimael Guzman's request for negotiations is going to weaken substantially the morale of those who thought that they had an opportunity to respond to the harsh blows which the government has struck against terrorism."

He pointed out that the government has acted as it should do regarding Guzman's letter, since it was sent from one president to another, as if they were of equal status. That is not the real situation.

He emphasized: "The government cannot and must not negotiate in any way."

He considered that the statement by the terrorist leader should be received with moderate optimism, because both Abimael Guzman, like Elena Iparraguirre and the rest of the top leaders who have been captured, have probably been replaced by the subversive organization, which continues to operate, as the most recent attacks show.

Tapia: It Is Right to Demand a Ceasefire

Carlos Tapia, a sociologist who also analyzes terrorism, considered it good news that Abimael Guzman, the Shining Path leader, has sent a letter to the Peruvian chief of state, requesting conversations to reach a peace agreement.

He stated: "It seems to me that the answer by President Fujimori is correct, in principle. A ceasefire would be a first step and later on the armed, Shining Path groups should be disarmed, required to surrender, and then be reincorporated into the normal life of the country."

He said that this is what usually occurs in such cases, as happened in Colombia with the M-19 movement [19 April Movement].

Joy Way: Total Surrender

Victor Joy Way, third vice president of Congress (NM-C.90) [ ], agreed with the idea of rejecting any negotiations with Shining Path terrorism, as expressed by President Fujimori.

He noted: "It is definitely unacceptable to have any dealings with mass murderers. Furthermore, the very imbalance of forces would make any negotiations impossible, because these would involve a person who is in prison, has been defeated, and has been sentenced to life in jail."

Joy Way stated that he considers that Guzman's request is a form of total surrender.

He concluded: "All followers of the Shining Path movement should respond to the call by President Fujimori to lay down their arms and apply for a new status under the law of repentance."

Barba Caballero: You Do Not Negotiate With Terrorism

Jose Barba Caballero, the leader of Coordinadora Democratica [Democratic Coordination Movement], has stated that the request by the boss of Shining Path is unacceptable, since you do not negotiate with terrorism.

He said that the greatest enemy of terrorism is a blackout on publicity, confronting a man who does not negotiate, and fighting against him until he is dead.

He warned: "Negotiations mean condemning Peru to legal insecurity and political instability."

Barba warned that terrorist cadres are reorganizing and still have an action program.

He concluded: "It would be better if the people in the government said that there is no solution to the problem over the short run and that the situation requires a plan lasting for five to seven years, making a serious intelligence effort, and not issuing any provocative announcements."

Diez Canseco: Do Not Forget Punishment

Raul Diez Canseco Terry, the new secretary general of Accion Popular [Popular Action], stated that any possible effort which might bring an end to the bloodshed which is still going on in Peru due to terrorism should be undertaken, without ignoring deterrence and the punishment which those people deserve, who have done so much harm to the country.

In this respect he added that we must not close off the possibility that the process of pacification which Peru needs could be speeded up.

He concluded: "No one is asking for negotiations. This is not a matter of negotiating but of exhausting the possibility of successfully ending this evil which has done so much harm to the country. This should not imply a reduction in punishments or a reduction in the rigor of the demands of this process of struggle against subversion."

* Editorial Sees 'Virtual Breakdown' of Group

94SM0065C Lima EL COMERCIO in Spanish 2 Oct 93 p A2

[Excerpts] [Passage omitted] Both in terms of its content as well as the context in which President Fujimori made public this communication [from Abimael Guzman, the leader of Shining Path], commenting on it and, to some extent, responding to it, there are details of the greatest importance.

There is no doubt that the most significant aspect is that the language used by the Shining Path boss—carefully considered and over a long period of time—implies in a tacit though undeniable way a recognition of the virtual defeat of the criminal band or at least its inability to continue a struggle which is as insane as it is pointless.

Nevertheless, it is unacceptable that, as a prisoner sentenced to life imprisonment without the possibility of parole, he should attempt to impose conditions of any kind—from prison. [passage omitted]

Beyond the unacceptable claims by Abimael Guzman, the probable and relative operational incapacity of the Shining Path movement, and the possible control which Guzman might have over his followers, who are now like orphans deprived of their leaders, there is the urgent need for peace, security, and tranquility which the people require and have asked for over the course of many years.

Nevertheless, the reality that the country, and particularly the capital, have been living through for some days now, with the recent resumption of terrorist activity, seems to indicate that the situation is still very far from being clear.

On the other hand—and without rejecting out of hand a desire for the relief which a condemned prisoner might seek from the well-deserved and rigorous conditions which Guzman has been experiencing for the past year or so—it is undeniable that his letter goes beyond the language of a fanatic and creates a new situation in which to consider subversive activity and, perhaps, its future importance.

Therefore, the letter should be taken into consideration as a valuable matter for internal consideration. Not, of course, for negotiations, but rather and finally, as an explicit recognition of defeat, unimaginable, until a short while ago, as coming from one of the advocates of an ideology as perverse and fanatical as few others have been in this century.

We hope that this call for peace from the leader of the Shining Path movement will have an influence on the more or less desperate actions of his harassed followers, thus meeting the desired and urgent need for the pacification of the country.

Venezuela

Cuba's Robaina Meets Velasquez, Cites 'Economic Turnaround'

PA0911021093 Havana Radio Havana Cuba in Spanish 0100 GMT 9 Nov 93

[Text] Cuban Foreign Minister Roberto Robaina has met with Venezuelan President Ramon J. Velasquez in Caracas during a visit to that South American nation where he began a tour that will take him to various regional countries.

During a meeting with the media, Robaina said that Cuba has initiated an economic turnaround headed by Cuban President Fidel Castro. He said that many business dealings with the island have been interrupted due to U.S. pressures.

Robaina told local radio stations before travelling to Venezuela that the Cuban Foreign Ministry should not only maintain political relations but should be an important element in the negotiation and economic process.

Arrest Warrants Issued for 10 Linked to Trafficker's Pardon

PA0811171893 Caracas Venezolana de Television Network in Spanish 1550 GMT 8 Nov 93

[Text] Fifteenth District Trial Court Judge Blanca Romero de Castillo has issued 10 arrest warrants for people who in her opinion are linked to the release of drug trafficker Larry Tovar Acuna. The warrants are for the arrests of Maria Auxiliadora Jara de Tarazona [private secretary of President Ramon Velasquez]; Guillermo Rosquete, director of the Social Security Department of the Justice Ministry; Pedro Leal Colon, a former Judicial Technical Police officer who is an aide of Rosquete; Ambrosio Vargas, warden of El Rodeo Prison; Alvador Davila Oquendo, adviser to the Secretariat of the Presidency; Ezequiel Alfaro Lopez; Maria del Carmen Garcia de Betancur; Luis Salvador Tovar; [Provisional Judge] Juan Francisco Merchan; and Larry Tovar Acuna, whose arrest has been ordered again.

President's Son Summoned

PA0811203093 Mexico City NOTIMEX in Spanish 1911 GMT 8 Nov 93

[Excerpts] Caracas, 8 Nov (NOTIMEX)—A judge ordered today the arrest of 11 [as received] Venezuelan Government officials charged with complicity to facilitate the pardon of drug trafficker Larry Tovar Acuna, who has ties with the Cali Cartel, Colombia.

Magistrate Blanca Romero de Castillo explained the persons, who include Maria Auxiliadora Jara, private secretary of the presidency, perpetrated various administrative irregularities, which allowed a pardon for the drug kingpin by mistake. [passage omitted]

Judge Romero de Castillo ordered the arrest of Jara; Guillermo Rosquete, district director general of the Justice Ministry; Juan Francisco Merchand, a magistrate; and Alvaro Davila, legal adviser to the Council of Ministers. Another arrest warrant was issued for Ambrosio Vargas, director of El Rodeo Prison, because he allowed Tovar Acuna's release without demanding any documents. The drug trafficker's father, Luis Salvador Tovar Vargas, was arrested last week for collaborating on the plan which allowed his son to obtain his freedom although he was sentenced to four years after being arrested with 26 kg of cocaine in 1989.

Judicial sources said the persons summoned to appear in court include the Venezuelan president's son, Gustavo Velasquez, who prepared the report on Tovar Acuba's pardon.

The Chamber of Deputies' Drug Commission today will send a report to President Velasquez demanding the resignation of Justice Minister Fermin Marmol Leon and Presidency Secretary Ramon Espinoza. [passage omitted]

President Velasquez Refuses To Comment on Pardon Case

PA0811174493 Caracas Radio Caracas Television Network in Spanish 1550 GMT 5 Nov 93

[From "The Observer" newscast]

[Text] Venezuelan President Ramon J. Velasquez says he answers only to the nation and to himself. President Velasquez has reiterated his decision to carry out an in-depth investigation with regard to the pardon granted to drug trafficker Larry Tovar Acuna.

"The Observer" newscast conducted an exclusive interview with President Velasquez after his meeting with Senate President Octavio Lepage, Velasquez's predecessor in the Presidency of the Republic. According to Velasquez, he and Lepage only discussed the credits that are pending approval by Congress.

The president did not want to comment on statements made by his private secretary Maria Auxiliadora Jara de Tarazona. He said the courts are already handling the case, adding that he has no intention of interfering in the affairs of another branch of the state.

[Begin Velasquez recording] This matter is in the hands of the Judicial Branch. I respect the decisions of the Judicial Branch, and I will not state any opinion concerning this matter.

I spoke to the 30 Miraflores Palace journalists on Sunday. I then spoke to 30 journalists in Maturin. Yesterday, I spoke to 15 journalists, and I told them that because a judge is already handling the case, I have nothing else to say about it. [end recording]

Meanwhile, Judicial Technical Police Director Orlando Jordan has said more people could be arrested in connection with this case. He would not comment on the nature of the investigations.

[Begin recording] [Unidentified reporter] Sir, the Venezuelan people are wondering why the police have acted quickly in resolving some cases, but, in this case, days are passing and the truth is not known yet.

[Jordan] On the contrary, I believe this case is being handled rapidly. What happens is that in normal cases we have tried to give plenty of information on police activities to the media, but this case is subjected to the law on the protection of public property, and this law places limits on how the PTJ can act and on the opinions it is permitted to issue. [end recording]

Velasquez Installs National Mayors Council

PA0811130793 Caracas Venezolana de Television Network in Spanish 2350 GMT 5 Nov 93

[From "The News" newscast]

[Text] Today at the Miraflores Palace, President Ramon Jose Velasquez installed the National Mayors Council [Concejo Nacional de Alcaldes] which will comprise 250 leaders from all across the country. The council is designed to contribute to the decentralization process. It will consist of 22 mayors who will represent every state, and it will meet regularly to assess the country's sociopolitical situation. During the installation ceremony, the president noted that mayors personify the sentiments of their communities, and this, according to Velasquez, underscores the importance of the council, especially in light of the fact that Venezuela today is in need of profound changes.

[Begin Velasquez recording] All of these maladjustments, uncertainties, protests, and tension signify nothing less than the end of a phase of history and the beginning of a new era—indeed, a new way of administering the country. Everything that was good in the 1960's and 1970's has become history. This is a different Venezuela, one full of social tension, political demands, yearning for economic growth, and demands for social justice. I wanted to have the honor and the historic opportunity to attend the inauguration of the National Mayors Council, because in it I see the guarantee.... [pauses] the manifestation of strength of democratic institutions, because each one of you is a guardian of democracy. [end recording]

Bogota Stock Market President on Money-Laundering Case

PA0911050793 Caracas Radio Caracas Television Network in Spanish 0200 GMT 5 Nov 93

[From the "Front Page" program]

[Text] In connection with money laundering, the National Guard is still trying to establish the whereabouts of businessman Rafael Alcantara who must explain the origin of capital he has handled.

[Begin unidentified speaker recording] It is difficult to say how much, because many people were involved in that criminal activity; some were directly involved. We are trying to locate those capable of giving us information that would allow us to present to the judge a comprehensive report. [end recording]

In the narcodollars-laundering case, Juan Claudio Morales, identified by Judge Mildred Camero as president of the Bogota Stock Market, has never held this post and was definitely dismissed from that institution a long time ago.

Vilma Monroy has the details:

[Monroy] This has been reported by Daniel Manzuera Gomez, Bogota Stock Market president, who denied that he has anything to do with money-laundering activities in the Venezuelan State of Tachira.

During a visit to the Caracas Stock Market, Manzuera Gomez explained his status and that of Juan Claudio Morales, who was a stockbroker for the Colombian institution.

[Begin recording] [Manzuera] Some years ago he was a stockbroker in Bogota. He was separated from the stock market many years ago.

[unidentified reporter] Why?

[Manzuera] Due to certain deals with dollars, I believe, but I do not have enough information or clear information on this matter, and for this reason I prefer not to talk about it.

[Reporter] Judge Camero identified him as the president of the Bogota Stock Market. It is evident that he is not.

[Manzuera] The judge has wrong information. We have nothing to do with any of this. Evidently, the media are misinforming. They are linking the Bogota Stock Market to a situation that has nothing to do with the stock market or with myself personally. [end recording]

Suriname

Leading Government Supporters Attacked

BR0811125593 Amsterdam DE VOLKSKRANT in Dutch 8 Nov 93 p 1

[Article by Linda Otter: "Lachmon Survives Attack Unharmed"]

[Text] Paramaribo—VHP [Progressive Reform Party] Chairman J. Lachmon and businessman D. Sardjoe were attacked with grenades and molotov cocktails on Saturday morning [6 November] in Paramaribo. Vice President Ajodhia said that the attacks were not unexpected to the Surinamese Government.

Shortly after the attack on Lachmon's home, Ajodhia said that the government had been taking account of possible attacks for some time after receiving anonymous letters and phone calls.

Early on Saturday morning, a grenade was thrown at Lachmon's home and two policemen were injured. It is not known who committed the attack.

Lachmon described the attack as "an intimidation attempt with a clear political motive." "If they think that they can get me out of the way, then they are wrong," he said. "I will not allow myself to be removed easily."

The politician said that the attackers wanted to prevent the planned vote on the state budget taking place on Wednesday [10 November]. He linked the terrorist act to recent calls from opposition parties to bring down the government.

Justice Minister S. Girjasing and President Venetiaan also thought that it was an opposition act. Venetiaan described the attacks as gross violence. "The opposition parties announced they that would step up their actions," he said. "I hope they did not mean these attacks."

Girjasing said that the opposition parties could be considered indirectly responsible. "If political parties encourage criminal actions, then we as a government will react toughly," he said. "If people want to take power in this country, then they have to use democratic means."

Both politicians pointed to Desi Bouterse's NDP [National Democratic Party]. Last month this party demanded that the government should call early elections before Christmas. If the government did not listen to this "call by the people," then the party said that it would step up its actions.

At 0730 Surinamese time, shortly after the attack on Lachmon's house, a grenade and two molotov cocktails were thrown at a garage owned by the VHP's former treasurer, D. Sardjoe. The grenade, which did not explode, seemed to come from the military police. Damage was limited to a broken window and dented car.

On Friday afternoon, a molotov cocktail was thrown at Kirpalanni, a large firm. The attacker has not been identified. The business owner, like Sardjoe, is linked to the VHP. The police have increased security and police numbers.

Politicians have hinted in their statements that an action group called the Revolutionary Action Front (RAF) could be behind the attacks. It is suspected that the RAF is a splinter group of the NDP.

Three weeks ago the RAF sent a letter to the media stating that "it is time to punish the tarantulas." In Suriname, tarantula is used to refer to rich corrupt businessmen.

The letter also contained a list with the names of Lachmon, Sardjoe, and the Kirpalannis. In the letter the RAF made it clear that it saw plundering and arson as the way to force the government to step down.